

THE 4TH CAREC THINK TANKS
DEVELOPMENT FORUM REPORT 2019
TRADING FOR SHARED PROSPERITY

CAREC INSTITUTE



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INTRODUCTION

The Central Asia Regional Economic Cooperation (CAREC) Institute organized the fourth CAREC Think Tanks Development Forum (CTTDF) on 27-28 August 2019 with a theme of “Trading for Shared Prosperity” in one of the ancient cities and starting points of the Silk Road, Xian, Shaanxi Province of the People’s Republic of China (PRC).

This year, the Forum was jointly organized by the CAREC Institute, Asian Development Bank (ADB) - PRC’s Regional Knowledge Sharing Initiative (RKSI) and International Economics and Finance Institute (IEFE) of the Ministry of Finance of the PRC. ADB’s Vice President Mr. Shixin Chen, Deputy Director General of the Ministry of Finance of the PRC Mr. Liu Weihua, Shaanxi Province Deputy Governor Mr. Xu Datong, Deputy Ministers of CAREC countries, other government officials, Directors of international organizations, and renowned scholars of research institutions attended the forum.

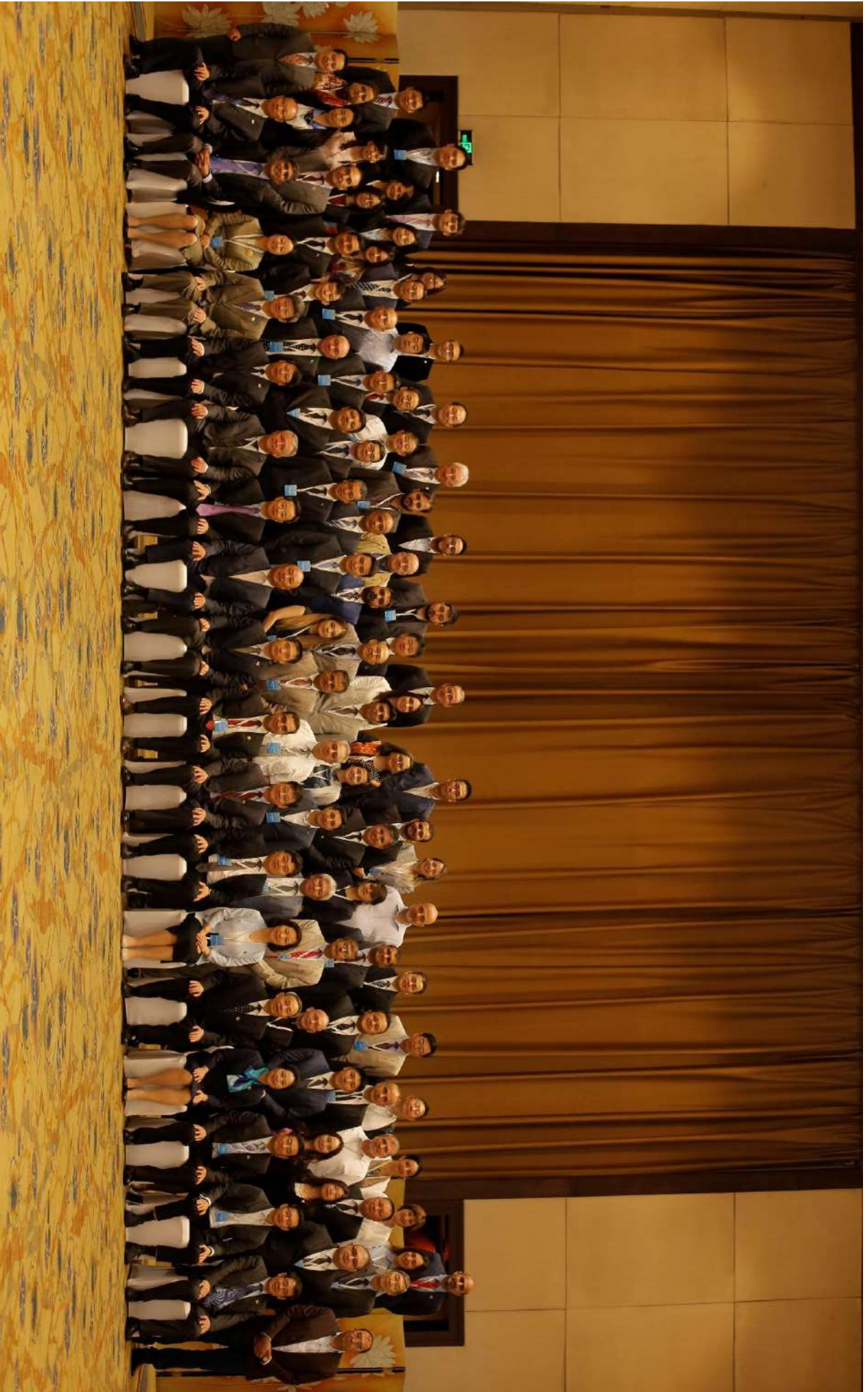
The forum brought over 130 participants from over 20 countries to discuss regional integration, trade, unresolved trade disputes, technological interventions, e-commerce, and their impact on the regional economy.

The CTTDF is an annual flagship event under the CAREC Think Tanks Network (CTTN), which is a regional network of leading think tanks – research institutes and organizations – in the CAREC region to promote regionalism through sharing of ideas, data, information and joint research. The CTTN promotes the economic cooperation by:

- Enhancing systemic regional knowledge sharing and integration;
- Fostering policy research and knowledge solutions to support governments;
- Enabling better policy advice and fill gaps between research and policy; and
- Enhancing collective intelligence to consolidate development resources for effective cooperation, better services and improved performance.

Launched in 2017 in Urumqi, the PRC, during the second CAREC Think Tanks Development Forum, the CTTN is coordinated by the CAREC Institute, which is an inter-governmental organization with a mission to enhance the quality and effectiveness of the economic cooperation in the CAREC region (Afghanistan, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan) by providing evidence-based research, capacity building services and networking with research institutions.

The first annual CAREC Think Tanks Development Forum (CTTDF) was organized in Astana, Kazakhstan in 2016 under a theme of “Promoting Economic Cooperation for an Integrated Central Asia”, the second CTTDF was held in Urumqi, PRC in 2017 with a theme of "Exploring Knowledge Solutions for Regional Cooperation and Integration", and the third CTTDF was organized in Bishkek, Kyrgyzstan in July 2018 under the topic of “Building Knowledge Corridors along the Silk Road”.



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ABBREVIATIONS

AI	Artificial Intelligence
ABEC	Almaty-Bishkek Economic Corridor
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
APTTA	Afghanistan-Pakistan Transit Trade Agreement
ASEAN	Association of Southeast Asian Nations
B2C	Business to Consumer
BIMP-EAGA	Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area
BRI	Belt and Road Initiative
CI	CAREC Institute
CACs	Central Asian Countries
CAFS	Chinese Academy of Fiscal Sciences
CAREC	Central Asian Regional Economic Cooperation (Program)
CBEC	Cross Border Economic Corridor
CCC	CAREC Customs Cooperation Committee
CED	Center for Economic Development
CITA 2030	CAREC Integrated Trade Agenda 2030
CMT	Cut Make and Trim
CPEC	China-Pakistan Economic Corridor
CRE	China Railway Express
CRII	CAREC Regional Cooperation and Integration Index
CPTPP	Comprehensive and Progressive Trans-Pacific Partnership Agreement
CTTDF	CAREC Think Tanks Development Forum
CTTN	CAREC Think Tanks Network
DLTs	Distributed Ledger Technologies
ECA	European and Central Asian
EIAS	European Institute of Asian Studies
EPA	Japan-E.U. Economic Partnership Agreement
ERINA	Economic Research Institute of North Asia
EEU	Eurasian Economic Union
FDI	Foreign Direct Investment
FMI	Financial and Monetary Integration
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
GVC	Global Value Chain
ICT	Information and Communications Technology
IEFI	International Economics and Finance Institute
IFPRI	International Food Policy Research Institute
IMAR	Inner Mongolia Autonomous Region

IMF	International Monetary Fund
IoT	Internet of Things
MF	Money and Finance
MNC	Multi-National Corporation
MSMEs	Micro and Medium Sized Enterprises
OBOR	One Belt One Road
OECD	Organization for Economic Co-operation and Development
PRC	People's Republic of China
QTTA	Quadrilateral Transit Trade Agreement
RCEP	Regional Comprehensive Economic Partnership
RCI	Regional Cooperation and Integration
RTG	Regional Trade Group
RVC	Regional Value Chain
SPSQ	Sanitary Phytosanitary and Quality-related Standards
SPS	Sanitary and Phytosanitary
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organization
SDG	Sustainable Development Goals
SDT	Special and Differential Treatment
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SOE	State Owned Enterprise
STKEC	Shymkent-Tashkent-Khujand Economic Corridor
TAP	Turkmenistan-Afghanistan-Pakistan Power Interconnection Project
TAPI	Turkmenistan-Afghanistan-Pakistan-India Pipeline
TUTAP	Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan Power Project
TI	Trade and Investment
TRACECA	Transport Corridor Europe-Caucasus-Asia
UN	United Nations
US	United States
UN/CEFACT	United Nations Center for Trade Facilitation and Electronic Business
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNWTO	United Nations World Tourism Organization
VC	Value Chain
WB	World Bank
WTO	World Trade Organization
XUAR	Xinjiang Uygur Autonomous Region

FOREWORD

The 4th CAREC Think Tanks Development Forum (CTTDF) has taken place at a time when there is great uncertainty about the future of the international order. The international balance of power is undergoing a shift, with old and new powers competing for influence, in numerous realms, across the globe. Furthermore, the current climate is one that is resulting in countries gradually retreating from and disregarding the international order that was established following the Second World War. The U.S. and China are engaged in a trade war and there are hints that this confrontation may escalate into a currency war, which would be devastating for the global economy and as well as for the CAREC region. More so, across the globe, one can see numerous conflicts taking place as proxy wars become more widespread. The current state of flux, which the international order is in, may be unsettling and a cause for pessimism but there is a lot to be hopeful about as periods of change inevitably create new opportunities.

The rebalancing of power at the international level is most definitely going to translate into economic shifts across the world. Coupled with this rebalancing is the emergence of various new forms of technology, such as Distributed Ledger Technology (DLT), the Internet of Things (IoT) and Artificial Intelligence (AI) etc., which when combined culminate in what is commonly referred to as the 'Forth Industrial Revolution.'

The theme for the 4th CTTDF focused on 'Trading for Shared Prosperity,' as international trade has been one of the key drivers of rapid economic growth and the subsequent improvement in people's livelihoods around the world for the past few decades. Today, the international trade framework is facing serious threats and CAREC member states need to look for new and alternative markets. In creating new markets and promoting trade between CAREC member states, CAREC Program is playing a key role in promoting economic development, sustainable growth, poverty alleviation and most importantly economic and political stability in the region.

The liberal values underpinning the international system of trade have to be upheld in these testing times; it is tempting and also quite easy to disregard international norms in the current climate but such actions can set dangerous precedents and result in dangerous outcomes, as history has taught us time and again. The CTTDF is CAREC Institute (CI)'s flagship event and serves as a platform for think tanks, universities, government, and development partners to deliberate upon key policy issues facing the region. In this light, it is hoped that by bringing together key stakeholders with some of the best minds in the region there can be a fruitful exchange of ideas that translates into effective legislation and meaningful change in the CAREC region.

This report provides a detailed account of proceedings at the 4th CTTDF and will be a useful and insightful resource for policy makers and key stakeholders alike. The report paints a picture of the state of integration in the CAREC region and the conditions and levels of trade between CAREC member states, as well as presenting useful CAREC-centric research studies that have been funded by CI. Furthermore, there are pertinent contributions from Chinese academics and industries that have been highlighted in the report and serve as examples to enhance the knowledge of CAREC member states and inform their own respective economic initiatives.

SESSION I

OPENING OF THE FOURTH CAREC THINK TANKS DEVELOPMENT FORUM

Welcoming Remarks

Syed Shakeel Shah, Director, CAREC Institute

Mr. Syed Shakeel Shah welcomed Deputy Governor of Shaanxi Province, Vice President of Asian Development Bank, CAREC government officials, directors and managers of international organizations, and representatives of think tanks, academia and research institutions to the fourth CAREC Think Tanks Development Forum.

Starting from its physical launch in 2015, CI has enhanced regional knowledge and capacity building through strengthening the research and networking capacities of regional think tanks. CI serves as the secretariat to CAREC Think Tanks Development Network (CTTN) and annually hosts the CTDF, bringing together the regional think tanks, academics and research institutions. CI hosted the first annual CTDF in Kazakhstan in June 2016, under the theme “Promoting Economic Cooperation for an Integrated Central Asia.” The second CTDF was held in Urumqi, PRC in September 2017, with the theme “Exploring Knowledge Solutions for Regional Cooperation and Integration” and the third CTDF took place in Bishkek, Kyrgyz Republic in July 2018, under the theme “Building Knowledge Corridors Along the Silk Road.” The CTDFs create an opportunity to deliberate on the pressing issues and challenges of our day and an opportunity to collaborate and find intellectual solutions and proposals to overcome these challenges.



Welcome Remarks by Syed Shakeel Shah, CAREC Institute.

This year participants are invited to Xi'an, the heart of China and the most historical city in China. Year on year, the Forum is witnessing a growth in interest, attendance and visibility of the CTDF. This year, it is honored to have highly esteemed guests attending the forum, including the Deputy Governor of Shaanxi Province, Vice President of the ADB, the former Deputy Prime Minister of Mongolia, Deputy Minister of Tajikistan and the management and leadership of many highly reputable international and regional organizations and think tanks from Asia and beyond.

CTTN provides a powerful platform for think tanks in the region to augment legislative processes and improve the lives of millions in the region through evidence-based research for planning and implementation of CAREC projects and initiatives.

CI works with several Ministries of Finance and conducts discussions with policy makers in several key policy areas in economy, trade, financial stability, investment, tourism, and economic corridors. CI also provides research and capacity building support to government officials on best global and regional practices and participates in high-level platforms, such as the CAREC Ministerial Conference (MC) and Senior Official Meetings (SOM), where ideas and proposals are conveyed to policy makers of CAREC member states and also to development partners.

The Forum is a source for relevant research that is used in these interactions. CI also links discussions from the CTTDF with ongoing research and capacity building activities and deliberates on specific topics during the advisory council and governing council meetings, which involve senior officials from CAREC member states' governments.

The previous three forums were thematically linked by one core concept: promoting regionalism in CAREC region. This year's forum is focused on trade under the theme "Trading for Shared Prosperity." Trade is one of the most tangible drivers of regionalism, as it creates regional and global positive dependencies and drives economic growth.

Trade liberalization under the multilateral trading system has provided a solid base for growth in international trade for several decades. Despite periodic shocks, global trade has maintained an upward trajectory over a long period of time, providing countries with opportunities for growth and development that has allowed millions to escape poverty. However, the current global trade paradigm is facing unprecedented threats in the form of lingering and escalating trade disputes among major trading partners. This situation also presents CAREC countries with new challenges, as they must carve out new paths for shared development in an uncertain global environment.

Rather than being silent observers, the Forum brings these issues to the table and think about how the current scenario impacts livelihoods, businesses and the prospects of our own countries and region.

Over the course of two days, there is an opportunity to listen to research outcomes from the successful candidates of CTTN's Research Grants Program, which CI launched in January 2019. As it is a new initiative, CI has high expectations from it.

Presentations on the CAREC Regional Integration Index (CRII) is done by Dr. Saeed Qadir and Dr. Teresita Cruz Del Rosario (Tess), CI's flagship research output that allows to see strengths and weaknesses and the status of integration in the CAREC region. This is a comprehensive mapping of the current status of regional integration in CAREC member states and help us in defining our goals and strategies regarding integration in the CAREC region.

Since the Forum is conducted in Xi'an, the participants learn about the historical aspect of trade and integration from a Chinese perspective, with a focus on the ancient Silk Road and the Belt and Road Initiative (BRI). There is a chance to learn more about the intensifying U.S.- China trade war and the birth of neo-mercantilism in a talk by Dr. Masahiro Kawai from the Economic Research Institute of North Asia (ERINA) and the implications of this trade war on the region by Dr. Ye Jiandi from the International Economics and Finance Institute (IEFI).

Ms. Dorothea Lazaro from the ADB makes a presentation on the key pillars of the CAREC Integrated Trade Agenda (CITA) 2030 and the rolling strategic action plan by Mr. Bahodir Ganiev, Senior Advisor at the Center for Economic Development, updates on the status of development of cross-border economic corridors (CBECs) in Central Asia.

The 2nd day sessions focus on the positives of the global economy for example, the way in which technology and e-commerce are causing shifts in business methods. Dr. Ian Watt, Founder and Chief Operating Officer of Nex Trade and Vice Chair at the United Nations Center for Trade Facilitation and Electronic Business (UN/CEFACT) presents the impact of new technology on trade. Dr. Hong Xue, the Director of Beijing Normal University's Institute for Internet Policy and Law (IIPL), discusses the policy implications of new technology in the CAREC region. Mr. Tengfei Wang, from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in Bangkok, elaborates on CAREC member states' readiness for embracing e-commerce. Mr. Victor Tseng, Vice President of Corporate and Investor Relations at Pinduoduo, talks about the success story of Chinese e-commerce and poverty alleviation.

In the final session, CI deliberates on CTTN's progress and roadmap for the future.

CI is thankful to the Asian Development Bank (ADB) for its financial and intellectual leadership and regular support. The Forum is honored to host Mr. Shixin Chen, ADB Vice President for his key remarks. The appreciation goes to ADB-PRC's Regional Knowledge Sharing Initiative (RKSII) for collaborating with CI on this forum and providing financial and technical support.

CI also thanks the PRC for hosting the Forum and providing all types of necessary support, allowing CI and CTTN to grow and flourish. CI is particularly thankful to the Ministry of Finance of China and IEFI for co-organizing this Forum.

Finally, the appreciation goes to all participants who made the time to attend and contribute and hope their contribution and voice will help to strengthen CTTN and policy making in CAREC member states.

Mr. Syed Shakeel Shah concluded his remarks with a hope that networking, connections and discussions among think tanks in the region will not be limited only to CTTN activities but will continue further and beyond.

Opening Remarks

Shixin Chen, Vice President, ADB

Mr. Shixin Chen welcomed Vice Governor Mr. Xu Datong; CAREC Institute Director Syed Shakeel Shah; and all participants to the 4th CTTDF, which is going to focus on trade to achieve prosperity in the region.

He congratulated Mr. Shakeel Shah on his appointment as the new Director of CI and thanked Shaanxi province administration for their warm hospitality and the excellent support afforded to this forum.

Xi'an is an appropriate venue for this forum. Historically, Xi'an served as the eastern starting point of the ancient Silk Road. It was not only an important international trade route but also a cultural bridge connecting the civilizations of China, Central Asia, the Indian subcontinent, and Europe. Caravans headed out from China, laden with items such as lacquer ware, porcelain, jade, bronze, fur and silk, trading these items for gold, silver, ivory, gems and glass. Traders engaged not only in business activities but also exchanged knowledge about science, arts, literature, philosophy, crafts, and technology. These business-related, intellectual and cultural exchanges enriched all countries and societies along the Silk Road.

Trade in the CAREC region

The global trading environment remains volatile with concerns of growing protectionism. Amidst these challenges, this forum serves as a timely reminder about the importance of trade for growth and prosperity in our region. Surely, it is possible for trading countries to grow together and benefit as they abide by internationally agreed rules and principles. After all, trade is not a zero-sum game.



Opening Remarks by Shixin Chen, ADB.

International trade has carried on for several centuries. We have come a long way from the theories of Adam Smith and Riccardo. Indeed, the General Agreement on Trade and Tariffs (GATT) and the World Trade Organization (WTO) led to the creation of an international trade system, which ushered in a process of globalization that was augmented by technological revolutions. Today, we are on the verge of yet another transformation due to entirely new technological disruptions, political rifts, and economic inequality. The current technological shift that we are witnessing has been termed the 4th Industrial Revolution and technologies like blockchain, 3D printing, internet of things (IoT), and

artificial intelligence (AI) are all going to need entirely new rules and regimes. There is going to be significant job displacement, which can already be seen in some developed economies but there will also be a number of new jobs created. In this light, automation needs to be embraced; worker transition needs to be addressed and current models of education/training have to be redesigned. Whether we like it or not, technological development is only going to move forward and increase in speed. Hence, there is a need to master new technology and create benefits and opportunities for future and current generations. It is amidst this feeling of nervous excitement, about the future, that the 4th CTDF is taking place.

Today, CAREC countries are not well integrated in global trade and value chains. Excluding the PRC, the share of CAREC members in global trade remains at less than one percent. Furthermore, CAREC economies are not sufficiently diversified, resulting in high product concentration.

The CAREC program is helping countries overcome obstacles to trade by improving regional connectivity, harmonizing customs procedures, reducing tariff and non-tariff trade barriers, and supporting accession of CAREC countries to the WTO.

Last year, Ministers from CAREC countries endorsed a new CAREC Integrated Trade Agenda (CITA) 2030. CITA 2030 seeks to expand trade among CAREC members and with the outside world, diversify economies and link them with global and regional value chains, and promote stronger institutions for trade.

Role of CAREC Institute

CI is the knowledge arm of the CAREC program and supports the program by providing capacity building, research, and policy advice services. To guide its work in the near future, CI has formulated a 5-year strategy.

The intergovernmental agreement (IGA) establishing CI entered into force in August 2017. Since then CI has ramped up its operational work. It has established partnerships with other global/regional international organizations, such as Shanghai Cooperation Organization (SCO), and Transport Corridor Europe-Caucasus-Asia (TRACECA). CI has also collaborated with think tanks such as the European Institute of Asian Studies (EIAS), International Economics and Finance Institute (IEFI), and Chinese Academy of Fiscal Sciences (CAFS) and various regional cooperation mechanisms, including the Belt and Road Initiative (BRI).

In the area of trade, CI has engaged actively and trained officials from CAREC member countries on the WTO Trade Facilitation Agreement, economic diversification, special economic zones (SEZs), and enterprise (SME) trade financing. CI is also undertaking a joint research partnership with the International Food Policy Research Institute (IFPRI), with a focus on regional trade in agricultural products. The Institute has initiated its flagship 'CAREC Regional Integration Index' (CRII) to monitor the progress of CAREC countries on trade and investment, value chains, connectivity, and movement of people.

CAREC Think Tanks Network

It is wonderful that as leading representatives of think tanks, governments, academia, civil society and development partners, you are all participating in the 4th CTDF. Our collective intellectual capital is way more than any single organization. As a collective, we need to find imaginative solutions to our region's development problems.

Eight centuries ago, Zhu Xi wrote this beautiful poem:

问渠哪得清如许

为有源头活水来

(Wèn qú nǎ dé qīng rúxǔ //Wèi yǒu yuántóu huóshuǐ lái)

Roughly translated, this means:

I wonder how, the water in the pond stays so clear.

It must be that water from fresh springs, flows in all the time.

The freshness of CTTN members' ideas and the quality of contributions will help clarify, argument and bring new perspectives. CAREC member countries are keen to tap into your reservoir of knowledge and learn from your wisdom and experience. We are happy to announce a launch of the Visiting Fellows Program (VFP) at CI. This program is co-funded by the ADB and the PRC's Poverty Reduction and Regional Cooperation Fund (PRRCF). The VFP will support research studies in priority operational areas of CAREC 2030.

CTTN has come a long way since it was launched in Astana in 2016. Everybody hopes to see it mature into a leading knowledge-sharing platform in the region and promote regional economic cooperation and integration.

Mr. Shixin Chen expressed that ADB will remain a strong supporter of CI and also acknowledged the significant contribution of the PRC, which hosts the Institute's headquarters in Urumqi and provides generous financial support. ADB will continue to coordinate closely with the PRC and other member countries of the Institute.

Opening Speech

Xu Datong, Deputy Governor of Shaanxi Province

The Central Asia is an important hub for traffic; it is one of the core areas of the BRI and it is an area that holds geographical value and is rich in resources. Since 2013, the BRI has allowed for expanded cooperation between states in Central Asia. Indeed, as the BRI develops, we see an increase in cultural and economic exchange in the BRI region. One is optimistic that prosperity and development will be the outcome of this initiative.



Opening Speech by Xu Datong, Shaanxi Province, PRC.

Shaanxi province, in the Northwestern China, is of immense cultural and historical importance; 13 dynasties had their capitals established in this province. Along with other cities and countries, involved in and being affected by the BRI, the changes in Shaanxi and Xi'an are becoming apparent. In 2018, the total imports and exports of Shaanxi province witnessed a growth of 20.4 percent and was ranked 3rd largest in terms of trade in the PRC.

The international airport in Xi'an has grown to cover connections with 29 countries and 65 cities of the PRC. Furthermore, China Railway Express (CRE), in terms of ranking, comes in at number one for passenger capacity. There are also a multitude of industrial parks that have been developed in the Central Asia region. As the theme for this year's conference is "Trading for Shared Prosperity," it is hoped that cooperation can deepen even further, and the Central Asia can prosper. Moving forward, Shaanxi province will adopt a more open and inclusive attitude for the benefit of regional economic integration and offer its experiences of development to enrich the knowledge of others.

Keynote Address

Zou Jiayi, Vice Finance Minister, PRC

Mr. Liu Weihua, Deputy Director-General, Ministry of Finance, PRC delivered the keynote speech on behalf Ms. Zou Jiai, Vice Finance Minister, PRC.

On behalf of the Ministry of Finance of the PRC, she congratulated the convention of the forum, expressed deep gratitude to the member states' governments, the ADB, relevant think tanks, and in particular Shaanxi Provincial People's Government and the IEFI (IEFI) and CI for organization of the Forum. Vice Minister extended a warm welcome to all the guests and representatives who have travelled from afar to attend the forum.



On behalf of Zou Jiayi, Keynote Address by Liu Weihua, Ministry of Finance, PRC.

Since its inception in 2016, the CTTDF has been held thrice and it has grown into one of CI's flagship events. Today, we begin proceedings at the 4th CTTDF, which is aptly themed "Trading for Shared Prosperity." Trade is an important way to promote development and prosperity. Economic globalization represented by trade liberalization and trade facilitation has been an important driving force in the rapid development of the global economy. The constant development and improvement of trade facilitation in Central Asian countries has been a huge impetus for regional economic growth, providing diverse channels for the peoples in the region to access a wider variety of products and services. However, as protectionism and unilateralism are on the rise, multilateralism and free trade regimes have been adversely affected and instability and uncertainty have markedly increased in the international arena. In the face of such challenges, all parties should firmly uphold the idea of open trade and explicitly oppose all forms of protectionism.

Furthermore, the two engines of international trade and investment should be reinvigorated in order to assist regional and global economic growth that will allow for long-term prosperous development and create a win-win scenario for all parties. It is hoped by the Chinese side that the forum will:

conduct in-depth discussions on the opportunities arising from trade liberalization and the challenges facing trade liberalization in Central Asia; voice support for global free trade; and put forward policy proposals for promoting regional prosperity and economic development in Central Asia. There is a hope that the CAREC Institute will realize its full potential and become a leading regional organization. In addition, we are hopeful that CI will continue to grow and become a leading international think tank and, continue organizing the annual CTTDF to make pertinent contributions that promote regional cooperation and economic development. I would like to take this opportunity to suggest three measures that CI can take in order to enhance the annual CTTDF.

First, it is to build the forum into a high-level knowledge-sharing platform. In organizing the forums, CI should fully rely on the CAREC mechanism, strengthen its policy dialogue with member states and pinpoint current and relevant issues which affect Central Asian countries and regional economic development to make the theme of each forum incisive and to the point. Additionally, it would be beneficial for CI to further integrate Central Asian think tank networks and resources and increase the number of prestigious think tanks and experts invited to the forum to enhance the sharing of knowledge and ideas and elevate the status of CTTDF. CI should work together with other sponsors of the forum to continuously enhance the influence and image of the forum regionally and internationally in order to attract the best and brightest and make this a prestigious event in Central Asia.

Second, the forum should push further to serve regional economic cooperation in Central Asia. CI should drive the forum's focus to center around CAREC 2030, the core needs of CAREC member states, and the most pressing issues in Central Asia. Such an approach would provide the region with numerous, innovative and pragmatic solutions and development pathways. Additionally, CI should push the forum to play an important role in coordinating the CAREC mechanism and provide support and strength to regional integration and initiatives like the BRI.

Third, CI should expand its partnerships. CI should seek to cooperate with and learn from international high-end forums such as the Davos World Economic Forum, Eurasian Economic Forum and Boao Forum for Asia. In order to drive expansion, CI should push the forum to pool the strengths of all the parties involved and encourage the deliberation of advanced development concepts and experiences from around the globe. Having an international voice and influence is important and to drive expansion in this regard CI should disseminate CTTDF outcomes and Central Asian perspectives on global development, with a view to enhancing the impact of the forum and that of the CAREC Program. Since its founding seven decades ago the PRC has gone through an extraordinary journey.

Today, China has become the second largest economy and the biggest trader of goods in the world, improving millions of people's livelihoods along the way. Practice has proven that China's development was attained through opening up and to develop further, China must continue to open up. At the Second Belt and Road Forum for International Cooperation, Chinese President Xi Jinping made a solemn promise stating,

"We will expand market access for foreign investment in more areas; we will increase the import of goods and services on an even larger scale; and we will work harder to ensure the implementation of opening-up related policies."

We believe that continuing China's opening-up is bound to provide new opportunities and new drivers for the win-win cooperation between China, Central Asian states and the international community.

The Chinese Ministry of Finance will, as always, support the CTTDF in its purpose of serving as a

platform that is conducive to mutual learning and communication between CAREC member states, the PRC, and the international community. It is hoped that CAREC member states will continue to support the forum and the operations and development of CI, the host of the forum. It is also hoped that CI's important partners, including the ADB, will continue to provide financial and intellectual support for the forum's development and the operations of CI.

SESSION II

SHOWCASING CAREC INSTITUTE'S OUTPUT

**Moderator: Dr. Abid Suleri, Executive Director,
Sustainable Development Policy Institute (SDPI), Pakistan**

CAREC Regional Integration Index

**Speaker: Dr. Saeed Qadir, Research Associate,
China, Law and Development Project, China Center, University of Oxford, UK**

The CAREC Regional Integration Index (CRII) is a flagship research project of CI. Policy makers can use the CRII to monitor integration in the region and member states' integration globally. The CRII is a composite weighted index that measures regional economic cooperation and integration using six socio-economic dimensions (with its 26 constituent indicators), following the ADB's pattern for their Asia-Pacific index. The six socio-economic indicators are: trade and investment; money and finance; regional infrastructure and connectivity; regional value chains (RVCs); and institutional and socio-economic dimensions. The CRII assesses the extent and evolution of regional cooperation and integration (RCI) in CAREC member states for a ten-year period from 2006-2016.



Dr. Saeed Qadir is speaking on the CAREC Regional Integration Index

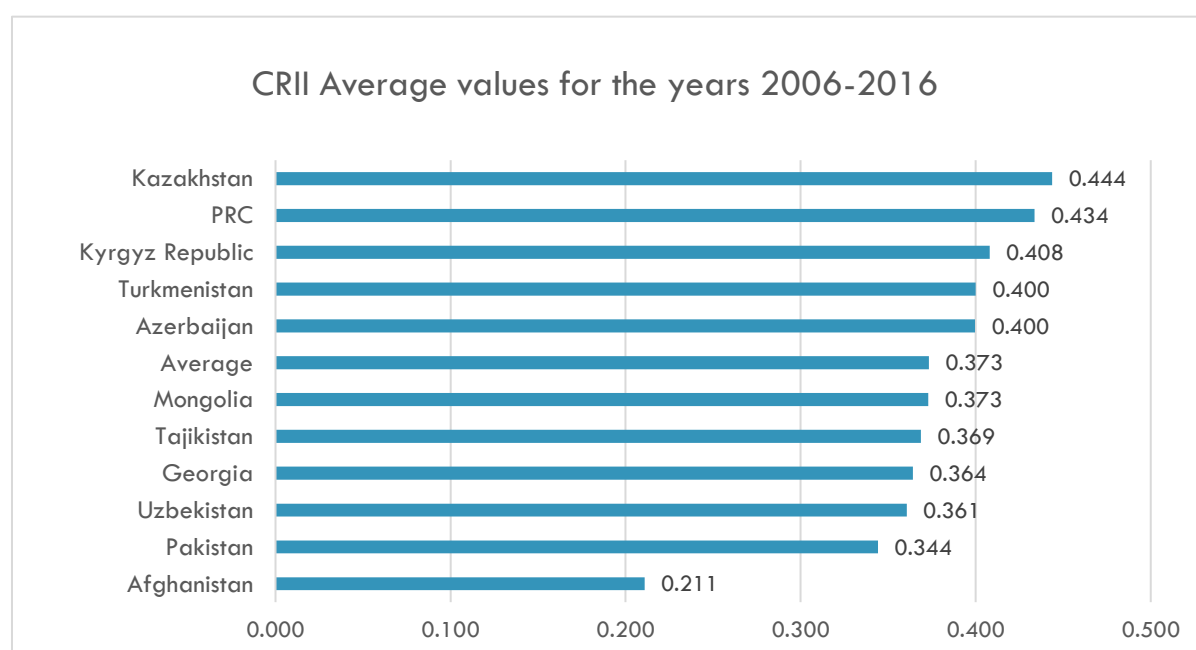
During the development of the CRII, econometric analysis was used to understand the level of integration. The panel dataset, consisting of dimensions and their constituent indicators, exhibit the

dynamic movement of the RCI process within the sub-region and for each national economy. An average value, from 0-16 is provided. Nearer to one is maximum integration and closer to zero is less integration. Higher index values posit increasing interdependence and cooperation, thus suggesting enhanced integration. A low score on the index signifies that an economy is not well integrated regionally and globally and is also not very open.

CI introduced one new indicator that is Money and Finance (MF). Another change was introducing country clusters, with the PRC and without the PRC. One of the challenges was to filter out asymmetries, to be able to obtain values that are CAREC specific, allowing us to dig deeper and understand the dynamics of integration. ADB and IMF were the primary sources used to obtain the data that was analyzed. Principal component analysis was used to find which variable drives the index; the good thing is that data drives the analysis.

The PRC and Kazakhstan came out as the top two countries, in terms of integration, for the period that was analyzed. Afghanistan ranks lowest in each year of analysis beginning from 2006 and this is for obvious reasons; war has wreaked havoc on all of Afghanistan's RCI indicators and dimensions. The PRC was found to be the best performer in all six socio-economic dimensions and also the most integrated globally. The results obtained during our research are comparable with the ADB's integration results.

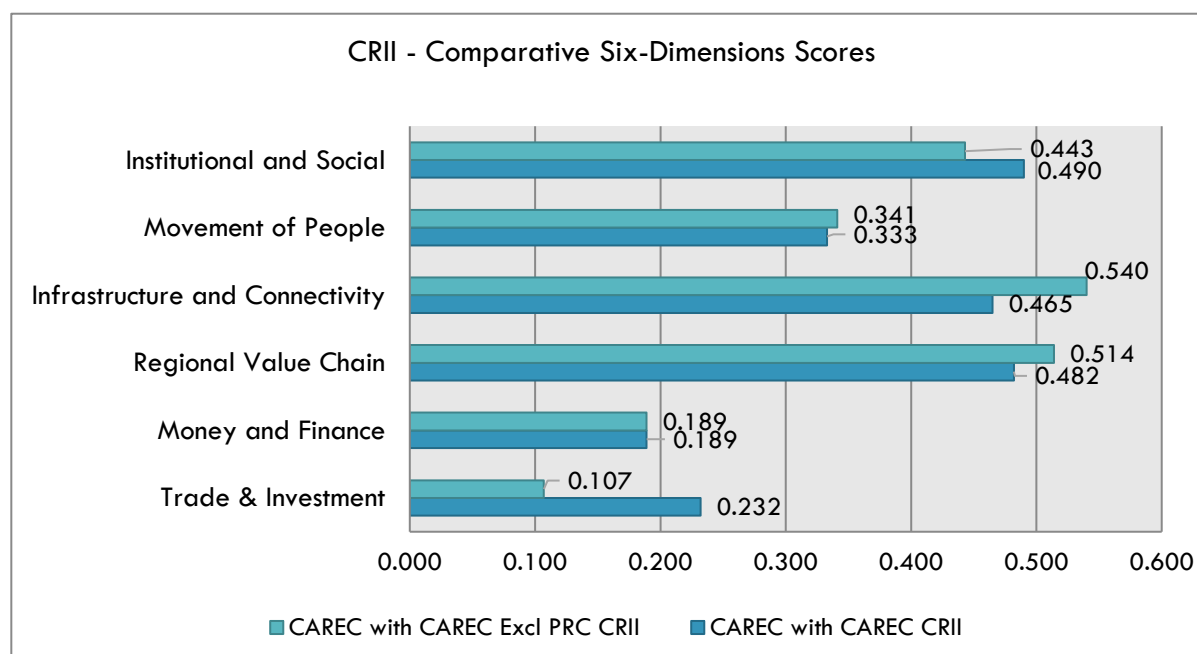
Figure 1. Average Values for CAREC Regional Integration Index



The two core and vital dimensions, trade and investment (TI) and MF, which normally reflect regional cooperation and integration do not drive the RCI. This is true in both cases of the CRII for both CAREC country groupings – CAREC with the PRC and CAREC excluding the PRC. The lower values of the TI and MF dimensions necessitate the need for a more formal regional trade agreement to enhance trade, investment, and financial and money market integration within the CAREC region but also between CAREC member states and the international economy. Apart from TI and MF, RVC integration in the CAREC region is also weak. However, the lowest indicator is TI. Another significant impediment to RCI are the low-level scores of CAREC member states in the dimension that relates to 'movement of people' and this holds true in the CAREC region for both groups, i.e. CAREC with the PRC and CAREC without the PRC.

The PRC is a good example for CAREC member states to learn from as it offers policy lessons and can provide the best methods of integration. It is important to mention that the aim here is not integration for the sake of integration, but rather for more conclusive integration. The CAREC Program needs to be scaled up as a formal integration mechanism so that political ownership and commitment levels can be enhanced and strengthened. How can this be achieved?

Figure 2. Comparative six-dimension scores for CAREC region



Trade costs have to be lowered in terms of transportation, regulation, and the cost of doing business. China is now emerging as a big export market for food - looking eastwards and focusing on Asia in the Asian century is important. Trade promotion and trade finance is missing in CAREC; trade has not been promoted among countries and awareness has not been created within countries. There is a need for a generalized system of preferences for the region to enhance trade. The implementation of trade facilitation under the WTO agreement and the elimination of non-tariff trade barriers can help reduce the high costs of cross-border trade in the CAREC region. Trade in services should also be given more importance, as it is something that is often overlooked when discussing trade in the CAREC region. It is worth pointing out here that one drawback of the index is that trade in services is not factored in and this is extremely important because over 50% of trade is composed of services.

As we have seen through our research, the movement of people in the region is also quite restricted. In this regard, any potential CAREC preferential trade agreement should stress upon reducing barriers to the 'movement of people' and creating liberalized arrangements under the framework of the WTO General Agreement on Trade in Services (GATS) for all modes, with an emphasis on mode four - the presence of natural persons. Certain CAREC member states are more integrated, in terms of labor migration, with EEU economies than they are with the CAREC region. In order to establish more sustained regional cooperation and integration, greater liberalization of trade, investment, and the services sector including GATS mode four should be pursued on a priority basis.

Considering the size, scale asymmetry, structural, and institutional heterogeneities in the CAREC region, preferential market access with special and differential treatment (SDT), as per the GATT 1947/WTO framework for CAREC landlocked countries and balance of payments (BOP) crisis hit economies, may be beneficial to enhance RCI. In addition, there is a need to enhance levels of integration on the rest of the CRII dimensions to drive more meaningful and deeper RCI. In order to

leverage on its RCI potential, CAREC cooperation nomenclature needs to scale up the level of cooperation from an informal CAREC project-based program to a more formal trade arrangement like an FTA or a customs union that would ensure binding commitments on trade facilitation, streamlining of legislation, procedural improvement, reduction of regulatory burdens, and costs to promote cross-border trade and opening up of the services sectors.

Furthermore, it is also suggested that a Generalized System of Preferences (GSP) for landlocked CAREC economies and balance of payment (BOP) crisis hit economies may be launched by the relatively stronger economies of the region including the PRC, India and Kazakhstan. An open, transparent, rules-based and inclusive form of regionalism should also embed and mainstream: the UN's Sustainable Development Goals (SDGs); climate change commitments such as the Conference of Parties 21 (COP 21); and regional development challenges among CAREC member states.

The development of economic corridors, by establishing cross-border FTAs along various CAREC corridors, will transform transport connectivity into meaningful economic connectivity and integration. Cooperation on public goods like water, energy, and the environment would be one good method to drive conclusive integration. The PRC is a leader in energy so member states can learn from their example. The public sector and the energy sector, to be specific, are ones that have a large impact and the region is also rich in potential in terms of energy. These are the ways forward for open, regional integration.

Country-level Policy Proposals to Strengthen Regional Integration¹

Speaker: Tess Cruz del Rosario, Senior Research Associate, Asia Research Institute, National University of Singapore

The global trade environment is shifting dramatically and rapidly. Europe, as a model, can no longer be looked at as an example for regional integration. It still remains to be seen what will happen to the United Kingdom. Instead of being nervous and panicking in these uncertain times, one should realize that this is in fact a golden opportunity for Central Asia.

According to Eurasia news, the PRC has stopped importing soy from the US and a supplier in the Northern Kazakhstan has agreed to provide the PRC with a significant amount. In relation to this development a trans-border logistics hub has processed the shipment of soy. In addition, wheat exports from Kazakhstan to China have gone up by fifty percent and cherries are now coming into the PRC from Uzbekistan and Kazakhstan because customs regulations are easier. We can say that Asia is buying from Asia or Asia is selling to Asia. There will be even more shifts in the emergence of trade corridors, where will they take place? It seems that they are happening right here in Central Asia and they must be facilitated.



Dr. Tess Cruz Del Rosario is discussing potentials and proposals to strengthen regional integration

Within the specific context of the CAREC region, regional integration is a strategy that promotes the benefits of collective and collaborative activities among member countries through economies of scale, more vigorous intra- regional trade, expansion of markets, shared information platforms for exchange, and harmonized frameworks for social and economic interaction. Strong complementarities through a unified regional strategy will simultaneously enable CAREC member countries to address their domestic economic development needs as well (Mogilevskii 2012:3). The

¹ This policy note was prepared by Dr. Teresita Cruz-del Rosario, Research Consultant of the Asian Development Bank under TA8301: Supporting Capacity Development Needs of CAREC 2020

CII measures advances in regional integration along six dimensions of the index. These measures provide policy directions that would spur and strengthen regional cooperation.

Salient Findings

Countries that score high on the integration index are Kazakhstan, the PRC, the Kyrgyz Republic, Turkmenistan, and Azerbaijan. All these countries report scores above the regional average (0.373). Countries that fall below the average are Mongolia, Tajikistan, Pakistan, Georgia, Uzbekistan, and Afghanistan. Of particular interest is the behavior of scores when the PRC is removed from the analysis. The scores of countries that rise above the average with the removal of the PRC are Uzbekistan, Georgia, and Tajikistan. Pakistan, Mongolia, and Afghanistan remain below average, suggesting that these countries are, in relative terms, more “dependent” on the PRC than other CAREC member states.

The following policy proposals are divided between two sub-groupings of countries, those that fall below average require stronger policy support and countries above average demonstrate clear potential for regional cooperation without having to rely solely on the PRC.

Specific Policy Proposals for Group 1: Outliers and Weakly Integrated Countries

Afghanistan: Leveraging on its unique geographical position as a “land bridge,” through investments in infrastructure and connectivity. Afghanistan is a landlocked country and shares its borders with six countries including Iran. Policy support for SMEs that form the bulk of its economy (75%), to spur private sector development and entrepreneurship. An energy exchange program to address the country’s energy deficiency and more focused policies for financial development (its score for FMI is 0) to support SMEs and private sector participation.

Pakistan: Support for regional value chains, especially in the apparel industry, capacity building to advance along the value chain, opening up regional markets. Further, support for infrastructure and connectivity that links Pakistan with two economic powerhouses: India and China. Also, support for the energy and transport sectors by extending the CAREC corridors to the ports of Gwadar and Karachi and to the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline, which will facilitate the import of much-needed energy resources for its development programs.

Mongolia: Development of regional value chains in meat products to capitalize on its nomadic livestock industry and associated support for phytosanitary measures to address trans-boundary health challenges; investments in tourism development given its unique terrain (Gobi Desert); support for renewable energy, particularly solar and wind energy; reform of the banking sector and stronger financial development.

Tajikistan: Infrastructure investments in transport and energy, particularly the Dushanbe-Kyrgyz road network and reconnection to the Central Asia Power System (CAPS). Leveraging of Tajikistan’s abundant hydropower resources for regional energy exchange to supply energy-deficient countries; job creation and skills training to gradually wean away from remittance-dependency. Support for private sector development to reform State Owned Enterprises (SOEs).

Group 2: Moderate-to-Strongly Integrated Countries

Georgia: Prospective investment in the Anaklia deep-sea port in Anaklia on the Black Sea Coast promises to be a “game-changer,” with the potential to connect Central Asia to international markets. Strong potential for tourism development to respond to the growing tourism market. Diversification

of export markets for agriculture.

Azerbaijan: Azerbaijan, together with Georgia, occupies a strategic position to serve as a bridge between Europe and Asia. Azerbaijan shares this particular feature with Georgia. Synergies between the Baku Port and the proposed Anaklia Seaport and Special Economic Zone (SEZ) should be explored to ensure that both platforms have positive externalities to the wider CAREC region and beyond. Economic diversification to reduce its over-dependence on the extractive industries by extending support to the agricultural sector where labor force participation is higher (36%) than in the oil sector (1%). High score on 'movement of people' suggests policy interventions in border management, data management on entry/exit, an institutional collaboration of migration and asylum flows, and legislative reform.

Uzbekistan: Investments in energy exchange through CAPS and regional connectivity along the major CAREC corridors particularly between Uzbekistan, Kazakhstan, and Tajikistan. Potential to develop and expand cross-border tourism and exploit Uzbekistan's valuable heritage sites. Diversification of agriculture beyond cotton production into high-value horticulture, livestock farming, and high-quality processing and distribution.

Turkmenistan: As the world's 12th largest natural gas provider, investments in a regional natural gas program will promote regional energy security. The exploitation of the TAP, TAPI, and TUTAP² initiatives by the ADB will develop a more streamlined regional energy exchange program. Diversification of Turkmenistan's economy to reduce dependence on natural gas and cotton exports, supporting export markets in the CAREC region. Support for banking reform to increase the share of private sector credit to gross domestic product (GDP). Privatization of banks with credit extension to SMEs and large companies will diversify economic activity and also spur employment outside the hydrocarbon sector. Investments in infrastructure to position Turkmenistan as a transport and logistics hub.

The Kyrgyz Republic: advancing along the RVC for the garment industry through the expansion of markets beyond Russia and Kazakhstan; capacity building to include branding, distribution, and technology to deepen modernization of the garment industry. Support for SMEs to scale up and expand operations beyond 'cut make and trim' contracts. Investments in hydropower for energy exchange and in agriculture.

Kazakhstan: Kazakhstan is the most integrated country in the CAREC region, with a score of 0.444, well above the regional average of 0.373 and the largest economy in Central Asia (China is the largest in the CAREC region). Strong potential to be a transport and logistics hub to connect Central Asian countries and neighboring sub-regions. Also, Kazakhstan's high score in FMI indicates the potential for promoting financial integration through the Astana International Financial Centre. Diversification of the economy beyond the extractive industries to reduce dependency on natural resources. Exploit Kazakhstan's high-quality education through creating regional knowledge centers, in partnership with the PRC.

PRC: Specific policies to refocus trade and investment towards the CAREC region; the score in this regard is very low (0.006). Significant trading relations are with the U.S. and the E.U. Investments in RVCs to support the burgeoning manufacturing sectors. Exploit the high level of education through regional knowledge centers, in partnership with Kazakhstan. More research on disaggregated data for Xinjiang Uygur Autonomous Region (XUAR) and Inner Mongolia Autonomous Region (IMAR) to focus specific policies for PRC in the CAREC region.

² These are various energy initiatives by the ADB in the CAREC region: Turkmenistan-Afghanistan-Pakistan (TAP); Turkmenistan-Afghanistan-Pakistan-India (TAPI); and Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP)

Highly integrated countries are carrying the torch. Kazakhstan is interesting for financial and monetary integration (FMI); they have the Astana financial sector, which can be a leader for the region. All other countries are scoring very low on FMI. The PRC is also a leader in financial integration. The levels of knowledge in these two countries are also very high. Kyrgyz Republic is also very interesting, the apparel industry has been very strong, and they have penetrated Russia and Kazakhstan.

The Growth Triangles Approach

The concept of growth triangles as promoted by the ADB in the early 90s could be adapted by the CAREC region, to “solve the practical problems of regional integration among countries at different stages of economic development and sometimes, even with different economic and social systems.” A grouping of countries into growth triangles could be explored along geographical lines (e.g., the Greater Mekong Sub-region (GMS); the (BIMP-EAGA) Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area), or around sectors with complementarities (e.g., energy, transport, SEZs, manufacturing, labor, etc.). This approach reduces intra-regional competition and overlapping interests, enhances cooperation, and provides differentiated strategies for sub-regions.

In this light, we can take the example of tourism as a growth triangle. When there is cross-border tourism there are spillover effects into other countries and other industries. For example, any ship that travels from the Philippines south to Indonesia can clear their goods in record time of a few hours; the same is true for Laos and Vietnam. Perhaps this approach is what the CAREC region should adopt. There are also energy triangles that the ADB has invested in, which will provide energy security and allow for the harnessing of geo-thermal and hydroelectric power. Mongolia has a vast desert terrain that is very hospitable in this respect.

Finally, we have knowledge growth triangles, which are very appropriate for CI’s role. CI can be the platform for different knowledge triangles in the region; there can be a transport and logistics knowledge triangle, and something should also be said for labour. Central Asian states should see this time as an opportunity and CI should act as a vehicle for the exchange and dissemination of knowledge between CAREC member states and also among them. One example of this is when in 2007, fifty middle and senior level officials were brought from member countries to the GMS. The ADB paid to fly them to Vietnam, travelling across the east-west corridor, ending up in Bangkok, Thailand. The whole idea was to exchange knowledge and experiences to showcase what the GMS has done over the past twenty years. Perhaps CI can organize such initiatives through the CTTN or at future CTTDFs.

Speaker: Yaroslava Babych, Head of Macroeconomic Policy Research Center ISET– International School of Economics, Tbilisi State University, Georgia

Countries used to trade with final goods; the classical model of Riccardo was based on this kind of trade. Trade no longer happens in such a manner, rather it is in inter-mediate goods, which we can understand using the value-chain model. Today, countries form something resembling a global factory. In this model, we have looked at both forward participation and backward participation. Being part of this global system is very beneficial for countries, exports become more sophisticated and diversified, knowledge spills over and so on. To a degree, CAREC countries are integrated into global value chains (GVC). However, looking at the OECD many smaller countries are more highly integrated than many CAREC member states. Non-OECD countries have a roughly similar pattern. What about developing and emerging countries? They face significant barriers to participation, mainly due to poor infrastructure, weak institutions, a lack of human capital, and low foreign direct investment etc. These factors prevent countries from GVC participation.

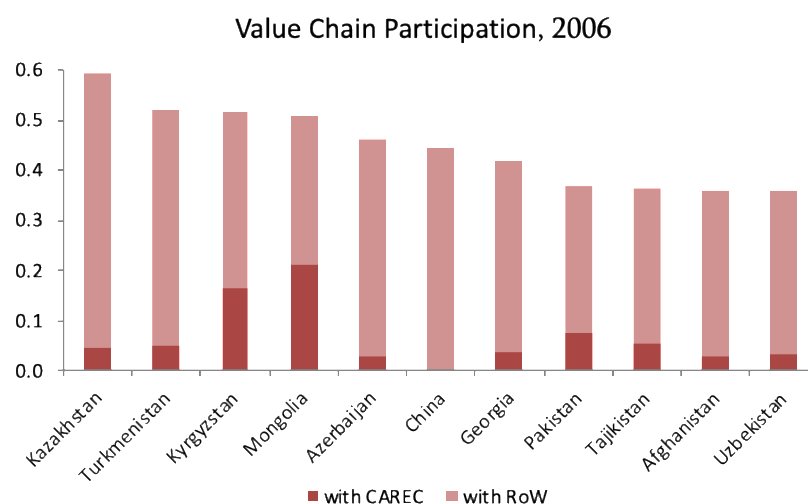


Ms. Yaroslava Babych, ISET, Georgia.

This study conducted research into how integrated CAREC member states were in one another's regional value chain (RVC) production processes as compared with their participation in GVC and how these trends may or may not have changed over time.

The researchers designed the value chain participation index and graphed CAREC countries at three critical junctures: 2006 (before the global financial crisis of 2008); 2012 (the year after the global financial crisis but before the oil price collapse and regional currency crisis in European and Central Asian (ECA) region countries); and 2015 (the year of regional growth and demand slow down driven by low oil prices, political instability in parts of the region, trade wars between the US and the PRC and the move towards protectionism at the global level).

Figure 3: Value chain participation index for CAREC countries in year 2006



The research demonstrated that CAREC countries are not well integrated into production processes of the CAREC region. The countries which are most integrated into the CAREC RVC are Mongolia and Kyrgyzstan (18.9% and 15.2% scores on the RVC participation index respectively), followed by Pakistan and Tajikistan (8.8% and 6%) in 2015.

Additionally, CAREC countries are not well integrated into GVCs given their size. The average GVC integration index value for CAREC countries was 40.1% in 2015. Georgia, for example, has a GVC integration index value of 40%, while OECD countries with similar populations (e.g. Lithuania, Latvia, Estonia, Finland, Norway) all have GVC integration index values of over 50%, according to the OECD data.

The financial crisis of 2008 likely forced many countries to look for fresh opportunities in their own neighborhood rather than rely on the global trade networks. However, in 2015 both RVC and GVC participation were on the decline in nearly all countries. This can be explained by the global growth slowdown and regional economic and currency crises affecting both oil-exporting and oil-importing groups of countries.

Figure 4: Value chain participation index for CAREC countries in year 2012

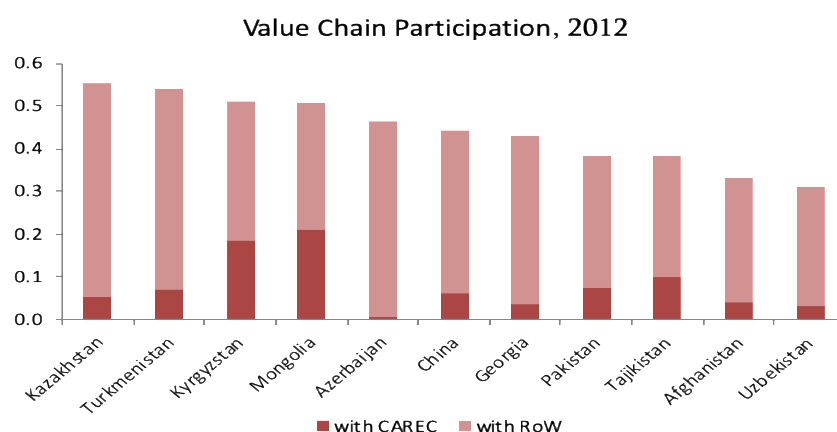


Figure 5: Value chain participation index for CAREC countries in year 2015

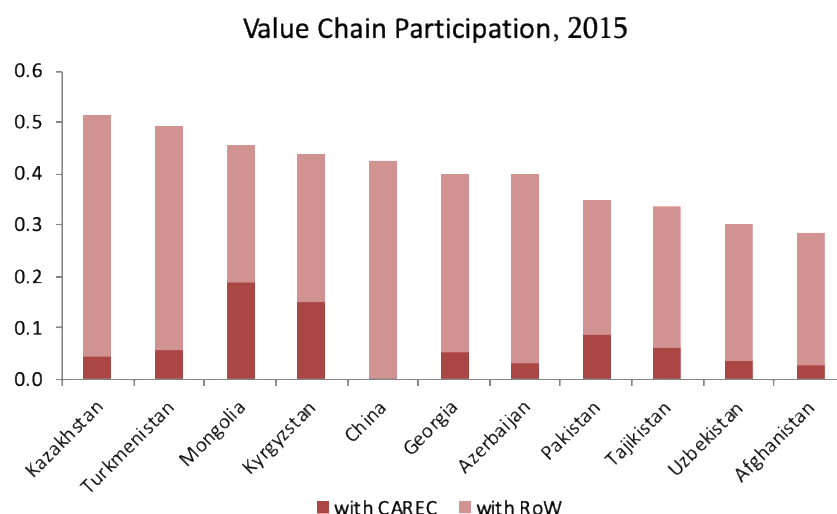


Table 4 below demonstrates that CAREC RVC participation has been increasing for nearly all CAREC countries from 2006 to 2012 but since 2015 there has been a retreat in both RVC and GVC participation.

Between 2006 and 2012, Georgia's CVC (bilateral VC participation index) with Russia was growing, both forward and backward linkages were growing, even though Russia has imposed trade restrictions on a number of Georgian exports, including wine, mineral water, etc. As painful as this measure was for Georgia at the time, it did not really affect the VC participation index with Russia.

Russia is the top VC partner country for Georgia, although it is not the topmost country in terms of the total volume of trade (in 2015 the top trade partner for Georgia, based on gross trade flows, was Turkey).

Another finding suggests that with Turkey, another large and economically powerful neighbor, Georgia does not enjoy nearly as much integration as with the E.U. countries like Germany and Italy. The explanation may be that Turkey and Georgia are both integrated with E.U. member states through primary product exports (e.g. hazelnuts which are then exported to Italy for confectionaries) and their natural resources and capacities are mostly related to substitutes rather than complements in production.

Notably, among the top 10 VC partner countries of Georgia (Table 5), there is only one CAREC member - Azerbaijan. The rest are E.U. countries, U.S.A. and larger neighboring countries like Turkey, Russia, and Ukraine.

Furthermore, the study constructed the bilateral value chain participation index for Georgia and its top value chain (VC) partner countries (abbreviated as CVC) demonstrated in **Table 5**.

Table 4: GVC and RVC Participation Indices of CAREC Countries

Country	2006			2012			2015		
	RVC	GVC	RVC/GVC	RVC	GVC	RVC/GVC	RVC	GVC	RVC/GVC
Kazakhstan	4.69%	59.44%	7.89%	5.23%	55.25%	9.46%	4.53%	51.60%	8.78%
Turkmenistan	4.93%	52.10%	9.47%	6.86%	53.89%	12.73%	5.81%	49.60%	11.72%
Kyrgyzstan	16.38%	51.85%	31.60%	18.27%	50.89%	35.91%	15.17%	44.03%	34.44%
Mongolia	21.08%	50.76%	41.52%	21.05%	50.52%	41.67%	18.92%	45.62%	41.47%
Azerbaijan	2.85%	46.29%	6.17%	0.33%	46.62%	0.70%	3.27%	39.96%	8.19%
China	0.24%	44.47%	0.53%	6.21%	44.41%	13.98%	0.25%	42.73%	0.59%
Georgia	3.87%	41.80%	9.25%	3.47%	43.07%	8.05%	5.13%	40.01%	12.83%
Pakistan	7.38%	37.02%	19.94%	7.37%	38.48%	19.16%	8.81%	35.04%	25.15%
Tajikistan	5.22%	36.53%	14.30%	10.01%	38.27%	26.16%	6.00%	33.77%	17.75%
Afghanistan	2.74%	36.00%	7.62%	3.73%	33.43%	11.17%	2.75%	28.54%	9.65%
Uzbekistan	3.25%	35.89%	9.05%	3.09%	30.99%	9.96%	3.33%	30.39%	10.96%
Average for CAREC	6.60%	44.74%	14.30%	7.78%	44.17%	17.18%	6.73%	40.12%	16.50%

A closer look at industries which are important for value-added trade in Georgia, reveals the following insights: Italy is more important than Russia as a destination country for wholesale retail value-added trade (i.e. Italy imports more of Georgia's value-added products using them in exports), even though Russia remains important overall as a value-added destination country. Forward linkages with Russia are maintained via metals, petroleum, motor fuel, and mining products. As far as backward linkages go, Georgia relies mostly on Russia for imports of chemicals, basic metals and even office machinery, computers, and other similar items. Turkey and Azerbaijan are also very significant source countries for VC participation, especially in relation to wholesale products, land and water transportation services, etc.

The preliminary results of the research present us with low levels of regional cooperation among CAREC countries but the patterns that can be seen do help in identifying opportunities.

Further research, which will become a part of this study, is planned to expand into identifying forward and backward linkages between Georgia and other CAREC countries at an industrial level; this exercise will reveal opportunities for further trade cooperation. The authors will also look into an industry-by-industry VC participation index for CAREC countries. This would reveal how particular industries in CAREC countries are integrated in RVCs and GVCs. **This exercise will be instrumental in understanding which industries have the highest potential for intra-regional integration.**

Table 5: Bilateral Value Chain (CVC) Participation Indices for Georgia and top VC partner countries

Country	2006			2012			2015		
	CVC	Forward	Backward	CVC	Forward	Backward	CVC	Forward	Backward
Russia	6.59%	3.79%	2.81%	8.42%	3.83%	4.59%	7.80%	3.64%	4.16%
Germany	4.76%	3.47%	1.28%	4.96%	3.28%	1.68%	3.83%	2.73%	1.10%
Italy	3.55%	3.03%	0.52%	3.37%	2.72%	0.65%	3.08%	2.58%	0.50%
France	3.44%	3.07%	0.37%	3.12%	2.65%	0.46%	2.94%	2.59%	0.34%
Turkey	3.05%	1.46%	1.59%	3.46%	1.43%	2.02%	2.93%	1.31%	1.62%
Azerbaijan	1.91%	0.32%	1.59%	3.54%	0.30%	3.24%	2.80%	0.26%	2.54%
Ukraine	1.49%	0.71%	0.78%	1.78%	0.80%	0.97%	1.53%	0.74%	0.78%
USA	1.49%	0.65%	0.84%	1.64%	0.60%	1.04%	1.34%	0.53%	0.80%
Netherlands	1.39%	1.15%	0.24%	1.38%	1.07%	0.31%	1.26%	1.01%	0.25%
UK	1.42%	0.81%	0.61%	1.36%	0.74%	0.62%	1.12%	0.59%	0.53%
China	0.84%	0.57%	0.27%	1.25%	0.75%	0.50%	1.07%	0.61%	0.46%
Iran	0.82%	0.52%	0.30%	0.89%	0.45%	0.43%	0.98%	0.59%	0.39%
Belgium	1.01%	0.83%	0.18%	0.94%	0.72%	0.23%	0.85%	0.67%	0.17%
Spain	0.76%	0.59%	0.17%	0.73%	0.50%	0.23%	0.65%	0.48%	0.17%
South Korea	0.48%	0.40%	0.08%	0.64%	0.53%	0.11%	0.59%	0.51%	0.09%
Japan	0.73%	0.47%	0.26%	0.72%	0.40%	0.32%	0.57%	0.37%	0.20%
Singapore	0.56%	0.52%	0.04%	0.57%	0.51%	0.06%	0.56%	0.51%	0.05%
Kazakhstan	0.54%	0.33%	0.22%	0.64%	0.33%	0.30%	0.53%	0.29%	0.24%
Switzerland	0.46%	0.20%	0.26%	0.63%	0.19%	0.44%	0.52%	0.16%	0.36%
Austria	0.49%	0.32%	0.17%	0.52%	0.30%	0.22%	0.44%	0.26%	0.18%
Other	12.71%	8.48%	4.23%	13.96%	8.36%	5.59%	11.93%	7.47%	4.46%

The Impact of Sanitary, Phytosanitary, and Quality -Related Standards on The Trade Flow Between CAREC Countries and Georgia

**Speaker: Dr. Phatima Mamardashvili, Assistant Professor,
Head of the Agricultural Policy Research Center, International School of Economics, Tbilisi State
University, Georgia**

Integration in agricultural standards is very weak across CAREC countries. After WTO Uruguay round, agriculture became a part of negotiations. Regarding non-tariff barriers to food trade, a lot of studies have looked into this to see if food safety standards are barriers or catalysts for trade, seeing as they can often add value and meet private standards.

This policy paper explored the impact of Georgia's food safety, veterinary, and sanitary phytosanitary and quality-related standards (SPSQ) on the country's agricultural trade with CAREC member states. The study revealed **Georgia's major CAREC trade partners, by the volume of exports and imports, to be Azerbaijan, Kazakhstan, and the People's Republic of China.**

Based on statistical analysis for a period of four years from 2014 to 2018, this research has revealed that the **major export-import agricultural commodities between Georgia and the selected countries are wine, live animals, and wheat.** During the analysis, the study focused on these products and assessed the effect of SPSQ on the trade of each respective product.



Ms. Phatima Mamardashvili, ISET, Georgia.

According to the research, at this stage, there are no limiting SPSQ regulations for wheat and live animals in Georgia. However, upcoming regulations on wheat may tighten and improve the quality of imported wheat, which will inevitably hinder unregulated trade. As for the export of live animals, only one restriction was introduced on the export of live animals under 140 kg in January 2019, other than this there are currently no additional SPSQ regulations that hinder animal trade.

For the wine trade the study analyzed the effect of stricter regulations and standards on wine exports, as perceived by the exporters. The research defined four different indices, namely: quality standards; phytosanitary; labeling, marketing and packing requirements; and border quarantine measures (**Table 6**).

Table 6: Disaggregated Indices for SPS and Quality-related Measures

Year	Quality Standards ³	Phytosanitary	Labeling, Marketing and Packing Requirements	Border Quarantine Measures
2018	7.00	6.33	6.67	6.33
2017	7.00	6.33	6.67	6.33
2016	6.33	6.33	6.33	6.33
2015	6.33	6.33	6.00	6.00
2014	5.67	6.00	5.67	6.00

It was found that quality standards are the most problematic to deal with and the most restrictive for trade. The research showed a negative effect of regulations on the wine trade, indicating a need for assisting the wine exporters to improve the quality of the final product. Moreover, the research has also identified the need to target higher income counties. Currently, wine exports are largely oriented towards lower income countries and sales are comprised of relatively low-cost wines.

As part of its obligations under the Association Agreement with the E.U. (including the (DCFTA) Deep and Comprehensive Free Trade Area), Georgia has to ensure a high level of food safety and animal and plant health within the country and has to harmonize its food safety legislation with the E.U.'s standards. **The DCFTA will therefore have consequences not only on Georgia's trade with the E.U. but also with the CAREC region.** The increased stringency on SPSQ might have an impact on agricultural trade in the coming years. **Therefore, government agencies and sectoral associations are expected to tailor their policies to develop capacities, in order to comply with requirements and reduce the possible negative externalities of the regulations.**

³ The wine bottle, laboratory analyses of wine samples, blind degustation, and evaluation of wine.

Opportunities and Challenges for Agri-Food Trade Between Kyrgyzstan and Pakistan

Speaker: Dr. Zehra Waheed, Director, Centre for Business and Society/Assistant Professor, Suleman Dawood School of Business (SDSB), Lahore University of Management Sciences (LUMS), Pakistan

In this study, through the use of secondary data analysis and individual interviews, the group of researchers attempted to assess opportunities and barriers, which affect agricultural trade between Kyrgyzstan and Pakistan. Research for the study involved the following: approaching practitioners; field research; speaking to government officials at all levels; speaking to traders and logistics companies; and even drivers on the road. The researchers also investigated methods that could improve the use of existing trade agreements including the Quadrilateral Transit Trade Agreement (QTTA), originally agreed upon between Pakistan, Kyrgyzstan, Kazakhstan, and the PRC.

The preliminary findings conclude that there is a lack of market information, inadequate policy formulation directed at promoting regional trade, unpredictability, poor ease of doing business, lack of incentives for traders, suspended and dysfunctional transit agreements, and high costs at border crossings (including informal payments). These problems constitute some of the major impediments to trade. In Pakistan, there is a lack of understanding about the kind of opportunities that Central Asia offers Pakistan. Simply put, individuals are not aware of the potential and industry has also failed to pick up on these things.



Ms. Zehra Waheed, LUMS, Pakistan.

Export Portfolios

In 2018, Pakistan's total exports to Kazakhstan stood at \$36.8 million, followed by Tajikistan at \$6.6 million, Uzbekistan at \$3.4 million, Turkmenistan at \$3.3 million, and finally Kyrgyzstan at \$0.5 million.

In terms of agricultural products, Pakistan's primary exports to Central Asia consist of vegetables and rice. On the other hand, Kyrgyzstan's primary agricultural export portfolio includes cotton, tobacco,

meat, vegetables, tuber, dried apples, shelled kidney beans, and butter. Kyrgyzstan's exports to Pakistan consist of cow meat, dairy products, and oil.

The study found that, according to the market demand, Kyrgyzstan's exports to Pakistan could expand to include potatoes, powdered milk, livestock, and honey. Conversely, Pakistani exports to Kyrgyzstan could expand to include mangoes, oranges, basmati rice, and early spring vegetables.

Transit Routes

Trade between Pakistan and Central Asian countries has historically occurred via Afghanistan, which is a volatile transit route due to high security risks. Additionally, the Afghanistan-Pakistan Transit Trade Agreement (APTTA) signed in 2010 could not be renewed or renegotiated after 2017, due to disagreements about access to the Indian market for Afghan exports. This disagreement also limited Pakistan's access to Turkmenistan and Iran through Afghanistan.

Between Pakistan and Kyrgyzstan, the Afghanistan transit route also includes a passage through Tajikistan or Uzbekistan until exporters can reach their destination markets. Another route for Pakistani exports involves Iran, from where the cargo is sent via Afghanistan or Turkmenistan and then onto Tajikistan or Uzbekistan before arriving in Kyrgyzstan.

Transit Challenges

- a) Turkmenistan requires a visa that costs \$500 (annual, multi entry).
- b) Kyrgyz drivers reported extreme difficulties in getting a visa from the PRC. Reportedly, it takes three months to make an appointment at the RPC consulate in Kyrgyzstan, the annual multi-entry visa costs \$500, and unexplained rejections are frequent.
- c) The PRC often rejected cargo without explanations, the study found. Certain interlocutors requested the PRC customs officers to specify requirements for special permissions, which often remained unclear.
- d) Responses by PRC officials can be delayed for as long as a year, at times even longer.
- e) The Kazakh-Uzbek border is characterized by informal payments.
- f) Drivers at the Torugart checkpoint and those in Naryn region complained about a dramatic fall in the volume of commodities for Q2 and Q3 in 2019. Especially in PRC warehouses in Topo and Kashi, where Kyrgyz transport operators loaded their trucks. Previously, they used to make three round trips every month. In the mentioned period, this number had declined to one round trip per month, accompanied by a high level of uncertainty that there might not be any commodities to deliver back to Kyrgyzstan when driving to warehouses in the PRC. It is notable that PRC warehouses in Uluuchat, where the Kyrgyz trucks load cargo for the Irkeshtam direction, were reported to have sufficient supplies of commodities during field research for this study.

Yet another route for Pakistani exports is through the port of Karachi (in Pakistan), from where cargo can be transported to Shanghai in the PRC to then be loaded onto trains and taken to Urumqi in the PRC. In Urumqi the cargo is loaded onto trucks (mostly Kyrgyz trucks) and proceeds to Kyrgyzstan.

This paper argues that the best route lies through the PRC, via the Karakoram Highway. However, this route is not currently feasible for transport due to the challenges articulated below.

Conclusions

Preliminary findings of this study suggest that Pakistan is an attractive market for Kyrgyzstan due to the sheer size of its market (200 million people), the range of agricultural commodities and value-added goods Pakistan produces, access to deep-sea ports, and the possibility for Kyrgyzstan to diversify its trading partners.

While Pakistan's interest in Kyrgyzstan remained less prominent, the research assessed that access to Central Asian oil and gas reserves and markets is of interest to Pakistan, especially given the friendly terms that both governments are on and the mutual desire to increase trade. Additionally, Pakistan could also provide landlocked Central Asian countries with the shortest route to export oil and gas reserves through Karachi and Gwadar ports. However, transit through Afghanistan and its volatile security situation could undermine this potential.

In 2015, the PRC and Pakistan entered into an agreement to link the coastal cities of Karachi and Gwadar to the city of Kashgar in the PRC, which will then provide a link to Central Asian Countries (CACs) through the Pamir Highway.

The study recommends the use of the China Pakistan Economic Corridor (CPEC) route, via the Karakoram Highway, as a suitable alternative trade route that can link Pakistan and Central Asia.

The study also found that Pakistani traders preferred doing business and exporting to locations with predictable returns, such as the E.U., Middle East, and North America, where they had more knowledge of trade regimes, practices, and requirements. The Central Asian countries are not viewed as profitable markets at this point in time.

The key policy recommendations of this study are as follows: formal enhancement of trade ties between Kyrgyzstan and Pakistan; expansion of the current QTTA; lower trade costs; encourage trade facilitation and information dissemination; and engage stakeholders such as industry and government officials in capacity building exercises.

Analysis of Cooperation in Tourism Sector Between Uzbekistan and Kyrgyzstan; A Study Of Cross-Border Value Chains

Speaker: Rosa Alieva, Lecturer, Module Leader for Tourism and its Dynamics, Westminster International University in Tashkent, Uzbekistan

This study looked into the possibility of building improved RVCs to deliver a better cross-border tourism experience between Uzbekistan and Kyrgyzstan. Due to the lack of data availability, a quantitative study could not be carried out and a qualitative study was opted for; research was conducted through the use of case studies, secondary data analysis, and key informant interviews.

Following a new era of relations that began in 2017, both Kyrgyzstan and Uzbekistan have opened up to tourism, which is very encouraging since historical linkages between the two countries are quite close. Kyrgyzstan is ranked 115th (and beyond) in the 2017 Travel & Tourism Competitiveness Index. In Kyrgyzstan, tourism contributed 4.6% to GDP and employed 3.7% of the total working population in 2016. During a period of three years, from 2016 to 2019, Uzbekistan initiated major reforms in the tourism sector by introducing e-visa and visa-free regimes for a limited period of stay for over 72 countries, part of which saw Kyrgyz citizens granted a visa free regime for up to 60 days. Kyrgyzstan has also liberalized its visa regime for the citizens of 45 countries. Other important steps in tourism promotion included destination promotion, differentiation of tourism packages, cooperation agreements, free exchange of foreign currency, and transport connectivity improvements.

In 2017, the majority of inbound tourists visiting Kyrgyzstan were from Kazakhstan (55%), Russia (14.2%), and Uzbekistan (14%), according to the World Travel and Tourism Council. In Uzbekistan, top visitors in 2018 were from Kazakhstan (61%), Kyrgyzstan (8%), and Russia (4%). The top outbound departures included the same countries.



Ms. Rosa Alieva, Westminster International University in Tashkent, Uzbekistan.

The study looked into the following cross-border value chain elements: accommodation; border; entertainment; cooperation; legislation; marketing; partnership; and transport. Below are the findings and policy recommendations drawn from this study:

Findings and Policy Recommendations

- a) **Upgrade of border posts.** The study recommends modernization of border posts to accommodate current tourist flows; tourists and the general public are experiencing difficulties in crossing the border between Uzbekistan and Kyrgyzstan. Difficulties include deteriorated/poor physical infrastructure, an unfriendly atmosphere for tourists, and a tax on private transport. On the contrary, an alternative border crossing via Kazakhstan was reported as being more comfortable. The border crossing with Kazakhstan is preferred by firms and individuals alike. Using the border crossing with Kazakhstan involves crossing three borders and despite the extra time expended using this border it is preferred, which paints a picture of just how unfavorable the current border crossing between Uzbekistan and Kyrgyzstan is.
- b) **Passport registration hurdles in Kyrgyzstan.** Uzbek citizens are required to register their passports with the local authorities in Kyrgyzstan if their stay exceeds five days. Most hotels and tour companies provide the passport registration service. However, registration is an issue for tourists travelling independently. The procedure takes from one to three days on average. The registration system is inconvenient, as it requires a visit to the local government office to receive the registration stamp and is an uncomfortable exercise for tourists.
- c) **Irregularities in visa regimes.** Despite the Silk Visa arrangement between Uzbekistan and Kazakhstan which came into effect in 2019, and which Kyrgyzstan, Tajikistan and Azerbaijan also considered joining, the visa regime is inconsistent towards CAREC and even Commonwealth of Independent State (CIS) countries, which makes movement across Central Asian borders difficult for tourists, especially under the cross-border Silk Road tour packages.
- d) **Transport and road deficiencies.** The study found inferior road quality and poor connectivity to be one of the main deficiencies in the tourism value chain between Uzbekistan and Kyrgyzstan. Not all major destinations are connected through rail, air, or road. Transport availability is not clear. Thus, connectivity requires major improvements.
- e) **A unified system of booking.** A unified system would allow tourists to access and view the availability of accommodation and service providers. It was reported that international platforms could not be used due to a significant language barrier.
- f) **Joint Silk Road marketing and combined tour packaging.** Cultural, historical, culinary, and adventure tourism should be packaged jointly (among CAREC countries) to diversify tourist experiences and achieve cost efficiency. Positive experiences existed when Kyrgyzstan, Uzbekistan, and Kazakhstan all participated in joint promotion. However, there is no holistic Silk Road branding effort and consistent positioning is also missing.
- g) **Specialization.** Training, staff development, and the elimination of language barriers was assessed as being necessary for restaurants, hotels, entertainment complexes, and security services. It is also recommended that exercises involving exchanges of tourism specialists and students across the CAREC region be organized to facilitate knowledge sharing.

DISCUSSIONS

Questions:

Mr. Hamidullah Farooqi: The research did not incorporate any factor regarding the peace and stability of the region. Looking at the history, RVCs can successfully work if only there is a peaceful situation in the region. Consequently, the excellent ideas proposed by the presenters cannot be adopted given the lack of focus on regional security, peace, and political stability. That raises the question, how can we aim to have a secure and peaceful region?

Dr. Siddarth Saxena: When trying to compare the growth of South and East Asia with the Central Asia, it is important to use methodologies that take into account the different paradigms in various Central Asian countries. The next question is, how do the analyses of the CAREC region, with and without PRC, presented by Dr. Saeed, look with and without Russia instead?



developing countries in the region. The first challenge is posed by the U.S.-China trade war, many are moving their production processes out of China and countries receiving these investments are mostly in Southeast Asia. Perhaps, Central Asia can try to attract these Chinese firms to their own region and then create value chains with those large markets.

Dachi Kinkladze: In addition to the streamlined regulations, it is vital to have modernized infrastructure in the CAREC region and ADB can play a lead role to support this agenda.

Answers

Dr. Saeed Qadir: Without peace and security no index can work, and cooperation is difficult to achieve. It can also be observed through data and other sources, in terms of Afghanistan, despite going through a civil war it trades with Pakistan and other countries. CAREC is not a natural trading region; if one looks carefully it can be seen that most CAREC member states have looked more towards Europe or Russia. A lot of construction challenges were faced, and asymmetries filtered out while conducting the econometric analysis. We also addressed the issue of regional trade costs being too high, in the previous two presentations at the previous forum.

Dr. Tess Cruz del Rosario: Although peace and stability is crucial, we do not have to wait for it to be concluded to develop RVCs. Interventions can be made in the economy and I would propose to focus on the SME sector, as 75 percent of the economy is comprised of this sector. Regulating [SMEs] them and providing finances to develop the financial sector, would aid private sector development for SMEs but now the score of Central Asia on financial management is zero.

Recently, the Eurasian Development Bank has commissioned a Chinese think-tank to develop a connectivity index; the top two countries in this index are Russia and Germany. In the post-Soviet era, Central Asian economies collapsed. At the same time, a new index is also being formulated. We should look closely at what is happening in the Eurasian region. We have here the beginnings of four book chapters and with another three we may have a book with seven chapters to be presented.

Dr. Yaroslava Babych: We must be aware of the problem of data limitation in the region. The best we can do is use official statistics, if we look at unofficial data the integration indices would be even higher. Georgia and Azerbaijan are much more integrated than other CAREC countries because of proximity but there is still this unofficial on-going trade that our study does not tap since it is not visible in official statistics. The best we can do is look at discrepancies and try to point out what is missing. Regarding the comments from Dr. Kawai, it is true that RVCs are hard to establish. However, I would argue that RVCs are not necessarily a stepping-stone to GVCs and therefore, cannot prevent the establishment of the latter. We should think of models, even if they are entirely new, that would work for the CAREC region.

Rosa Alieva: When foreign tourists are travelling, what are the challenges? Our study reveals that the challenges are almost identical for both the local and international tourists in both the countries (Uzbekistan and Kyrgyzstan). However, profiles of tourists are different (for example Kyrgyzstan mostly attracts young tourists who are targeting adventure). As the countries are diversifying, these discrepancies might soften over time. Regarding the costs, since tourism is highly customized, there is no standard price, but we are introducing World Tourism Organization (UNWTO) methodology, which will conclude this. However, it is revealed that prices for foreign tourists are less compared to local tourists and price is subject to seasonality in both countries.

Dr. Suleri: CI must provide these regional research studies online for those who want to give feedback, which can be incorporated before the final publications.

SESSION III

TRADE ON ANCIENT SILK ROAD: A PERSPECTIVE FROM XI'AN

Moderator: Hao Zhang, Deputy Country Director, ADB PRC Resident Mission

Exploring Trade Opportunities Under BRI

Speaker: Professor Zongxian Feng, Xi'an Jiaotong University, PRC

This topic provides some information regarding an avenue for the development of Western China, development that will eventually move further through the Central Asia region that encompasses many CAREC member states. The topic is also pertinent in the questions that it raises, especially how Shaanxi province and Xi'an city can play the leading role in developing land routes that are a part of the One Belt One Road (OBOR) Initiative, connecting China, Europe, and Central Asia.

Shaanxi is a typical inland province and there are eight provinces surrounding it. Due to this, in China, Shaanxi is the province with the most surrounding provinces. However, the distance to coastal provinces is roughly 2000 km, which is a limiting factor. Xi'an, the provincial capital of Shaanxi, was the starting point of the ancient Silk Road and has been the capital for thirteen Chinese dynasties, notably the Han dynasty. Since 16 B.C., Xi'an has connected East Asia and West Asia, where there have been many great corridors and routes for trade. Today, this ancient city is once again being pitched as a primary hub for land traffic as part of the OBOR. In ancient times, the province became a corridor not just for trade but also for human civilization. Historically, it has always been a junction where overseas students gathered, much like it is once again becoming today. Due to the reasons mentioned, Xi'an has been a great influencer not just on China but also on Asia and the world. It is of great significance to the continent and also to the PRC.

Looking at PRC's map, one can see the geographical position of Xi'an linking both north to south and east to west. During the Han dynasty, all inland routes linked back to Xi'an and this is why it became a very important part of the empire – to this day, because of its geographical location, the region is valuable in that it can re-establish itself as a center for trade. During the Han Dynasty, Xi'an became one of the most prosperous cities in China's history. When establishing Xi'an as the capital the Emperor also took the steps of unifying Chinese characters and units of measurement that were in use at that point in time. Tracing back the development of cities, as well as the development of the region, there is a close link to be found between transportation and development. Human society has time and again gone through revolutions of various modes of transportation, which have in turn spurred economic development. The point here is to say that Xi'an not only used to be the center and hub for transportation by land but that it can become one once again. One can use ancient thinking in regard to Xi'an's development as a logistical hub in the sense that in ancient times all cities and regions were focused on the capital, albeit today we can think of it as being the capital for transportation.

The position of Xi'an could not be easily replaced in ancient times and even today the strategic position of this city cannot be found in other Chinese cities. This kind of hub will promote the development of land transportation and also cultural exchange, just as in ancient times a lot of culture, art, and

agricultural products were transported through this region to/from West Asia creating a cultural corridor between those countries and China. Last year, all agricultural exports to the West were transported using the route that passes through Xi'an and towards the western regions of China and on to Europe. In 2015, the network of the ancient Silk Route was listed as one of the sites among world heritage convention sites. This is an important demonstration of the value of Xi'an in that it has remained relevant throughout history.



Mr. Feng Zongxian, Xi'an Jiaotong University, PRC.

The Heihe-Tengchong or Hu Line, introduced as an analytical demographic tool to study China by Hu Huanyong in 1934, is mentioned here because it aptly demonstrates the way in which China has developed in modern times, as well as showing us the geographical obstacles that are faced. The question today and back in 1934 was, how do we break through this line? We see that Western China occupies 72% of the landmass of China but it has been left behind in terms of trade and infrastructure, accounting for only about six percent of total trade activity. Further, 90% of China's population is living on the right side of the Hu line. As the majority of the population is skewed towards the right of this line, the eastern provinces of China have become manufacturing and service hubs. Similarly, transport links and highly developed infrastructure are both skewed to the right of the line, with economic clusters and major cities concentrated in Eastern China. One of the reasons for the prosperity of the eastern regions is highly developed infrastructure.

Coming to the modern day BRI, today we are present at the starting point for the ancient Silk Road. How then can we develop further and deeper? How can the western regions in China develop, using Xi'an's excellent land transportation infrastructure? There is no question that the BRI has led to the opening up of the western regions of China. All we have to do is look back at history and once again transform Xi'an into a logistics and transportation hub for inland transportation. The spillover effects of the development of Xi'an into a central hub will also cause cities and entire regions in Western China to start developing; this model has already been used by the Chinese government in the past and it is once again being utilized as part of the OBOR initiative to enhance development within China, in neighboring countries, and several CAREC member states. One excellent example of this is Pakistan.

Figure 6: Heihe-Tengchong or Hu Line⁴



We are already seeing the importance of the OBOR initiative in that regions like Urumqi in Western China have started developing at a rapid pace. Also, trade activity between China and five CAREC member states has increased by orders of magnitude since the initiation of the new Silk Route. Major exports to the CAREC region are comprised of clothing and similar products and imports are primarily made up of minerals and fossil fuels.

Soon, there will be major reliance on rail and road transportation in the Central Asia region. In order to aid analysis, we have made a formula to measure competitiveness between Central Asia and China, that will allow us to determine how we can do a better job during Shaanxi and Xi'an's opening up without being close to maritime routes. However, stakeholders need to seriously consider whether it would be possible to shoulder this responsibility, as Shaanxi has a great position in China and is of immense historical importance. Almost all of the countries in Central Asia are cooperating with China but the structure of imports and exports are restricted by regulations and critical/pillar industries in many Central Asian countries are lacking.

In some provinces like Inner Mongolia, there exists a different situation to the one that is found in Shaanxi. Going to the coast from the western provinces would take about 4000-5000km. If one were to depend solely on maritime routes then this would become a serious difficulty, which is why the improvement of land routes has to be considered. Combining ancient experience with modern methods of land transportation and advanced logistics we can allow western regions in China to fulfill their true potential. Moreover, there will also be spillover effects from development in Western China; linkages with other countries, including those in Central Asia will start to develop.

The question we need to now ask is how can we form a comprehensive network? And, how can we create a corridor or gateway economy in Western China? Thinking about such corridors/gateway economies, one has to keep in mind that they must also benefit CAREC member states in the

⁴ Image released by Stefan Lew into the public domain - <https://commons.wikimedia.org/wiki/File:Heihe-tengchong-line.svg>

surrounding region.

After all that has been discussed so far, it can be said that Xi'an can play a pivotal role in this westward expansion as it is the most developed city in Western China in terms of transport, technology, and telecommunication. Xi'an, as a gateway economy, can drive development out towards the west and subsequently into the Central Asian region. Today, Shaanxi and Xi'an are in a position to open up and railway capacity is also in a leading position, which can accelerate and augment transportation linkages between China, Europe, and Central Asia. Indeed, work has already begun and China Railway Express (CRE) is a leader in rail transportation through this channel, which can drive the whole area forward and foster development in multiple CAREC member states.



Forum Participants

Standardizing Transport and Logistics Along the Silk Road

Speaker: Professor Dong Qianli, Director, The Institute of Logistics and Supply Chain/ Executive Director of China Logistics Association, Shaanxi, PRC

The new Eurasia Land Bridge traces its path through Xi'an to the West. About 2000 years ago, this same bridge attracted attention from other countries but at that time it was not well developed and easy to navigate. In 2013, the BRI was introduced and since then major upgrades have taken place to establish land routes by employing railways and roads. One common feature of the BRI, in terms of inland participation in international transport is that land routes, railway transport and combined transport are the main methods of transportation used. For example, the China-Europe freight train and cross-border road transport. In this light, Xi'an should be regarded with importance, as its railways can be used for easy access to China's eastern coast, connecting several cities and countries to maritime trade routes. How can we build a hub of hubs, build a center of centers, give full play to the role of Xi'an port, and realize the marketization of international freight trains, the integration of international and domestic freight trains? In this regard, we have six aspects, which when put together show how Xi'an's international inland port can be centrally involved in the transportation system.

1. Transit integration - The theory of integration is that the integrated body should realize active optimization based on the basic core (international transit hub port) and connection key (international main logistics channel and domestic logistics network) by increasing freight train frequency and train density and reducing the cost of container kilometers.
2. Linkage of industries (e-commerce and logistics) - E-commerce logistics is a manifestation of the extreme linkage between the two industries, which means precise docking, coordinated development and shared value-added services. To ensure that 70% of the supply comes from outside the provinces and regions, we need to continue to promote the linkage of the two industries to develop production capacity cooperation.
3. Scale of transport - There has to be a reduction in the cost of box kilometers and unit economization and through such measures Xi'an can support the BRI's production capacity.
4. Hub centralization - International hubs should be re-centralized on the basis of domestic hubs, so as to turn Xi'an's hub into the hub of international train transit and departure. Xi'an port is the central hub of the national geographic center and the international hub of the domestic system. As a land port connecting the OBOR International Transit Hub, Xi'an International Transit Hub Port should play its role as the hub in the center and as the hub of hubs.
5. Channel direct conversion - Xi'an Port should give full play to the time turnover index of the channel, realize direct access to land ports, give play to the complementary advantages of rail and rail combined transport, and give play to the number of trains from the transit port. Therefore, it is necessary to strengthen the transfixion of passageways.
6. Boxable sourcing - *The proportion of containerized goods needs to increase, which will also increase the scope of goods transported through road and railway transportation. The suitability of goods for container transportation should be highlighted and the specialization of logistics with economic benefits should be supported.*

Logistical development should be approached in a multi-faceted manner that focuses on building a community through discussion, cooperation, and information sharing. At the core of such an approach lie three basic principles, namely sharing interests, working towards a common future, and taking responsibility. The underlying idea here is to adhere to the principles of the BRI and undertake extensive consultation, joint contribution, and sharing. The goal of the tripartite system is to realize a community of shared interests, responsibilities, and future for mankind. Logistics is the service industry connecting the three systems. Through the employment of such an approach, the BRI has promoted economic development, increased employment, provided tax revenue, improved people's livelihoods, acquired high-quality assets, and promoted the recovery and economic development of relevant regions and even the international economy. One can see the progress of the BRI through five main areas, which are discussed in detail below:



Mr. Dong Qianli, PRC.

- Policy communication - China has signed 171 cooperation documents with 123 countries and 29 international organizations, including developing countries, developed countries, international organizations, and many companies and financial institutions from developed countries, in order to jointly explore new markets with China.
- Infrastructure connectivity - Along with the China-Laos railway, China-Thailand railway, Jakarta-Bandung high-speed railway, and Budapest-Serbia railway by the end of February 2019 the total number of China-Europe railway services had reached 14,000 not including those between China and Central Asia.
- Unimpeded trade - China's total trade in goods with One Belt One Road (OBOR) countries over the past five years exceeded U.S. \$6 trillion.

- Financing - By the end of 2018, the outstanding loans of the China Development Bank and the export-import bank in the countries along the OBOR had reached U.S. \$250 billion.
- People-to-people connectivity - A series of achievements have been made in scientific and technological exchanges, educational cooperation, cultural tourism, green development, and foreign assistance.

Table 7: 2013-2017 China's trade volume with "The Belt and Road" countries

Import & export (Units: \$100 million)	2013	2014	2015	2016	2017
exports	6980	7737.4	7520.8	7134.2	7742.6
imports	7123.1	7288.9	6007.2	5561.6	6660.5

Furthermore, the basic framework of the 'six economic corridors,' based on international transport, that are a part of OBOR have been gradually formed. They include the China-Mongolia-Russia Corridor, the new Eurasian Continental Bridge Corridor, the China-Central Asia and West Asia Corridor, the China-South South Corridor, CPEC, and the Bangladesh-China-India-Myanmar Economic Corridor.

The first Eurasian land bridge corridor consists of the Siberian land bridge and the China-Mongolia-Russia railway passage. The new Eurasian land bridge corridor forms a land bridge connecting the Pacific Ocean to the Baltic Sea, the North Sea and the Mediterranean Sea. Further, the northern passage of the new Eurasian land bridge corridor is comprised of the second Asia-Europe railway. The route of transportation used for this railway is Lian passage from China to Central and West Asia. The completion of the China-Kyrgyzstan railway will be of great significance to the passage from China to the other four Central Asian countries.

The China to central south corridor includes the China-Vietnam railway corridor; China-Laos railway corridor; China-Thailand railway corridor and China-Myanmar railway corridor. The Bangladesh-China-India-Myanmar Economic Corridor is of great significance to promoting and deepening friendly ties and cooperation between the four countries and establishing connectivity between East Asia and South Asia. Finally, there is the China-Pakistan channel, which is comprised of a railway line linking Xinjiang with Pakistan. This railway line starts in Kashgar, China and ends in Gwadar, a port city in southwest Pakistan.

Scattered routes will be clustered in Xi'an and it will become the starting point for CRE, which will lead to an increase in efficiency through better management and handling, as a result of hub centralization. Computer simulations have already been made employing such research and based on these simulations there are three steps that can be taken:

- a. Local governments like those in Sichuan should have transport protocols based on the protocol for transport links within China and build protocols or linkages with other countries.

- b. Inbound and outbound issues have to be considered; the railway is a driver that has pushed forward the model of setting up industrial parks in countries outside of China, which is a characteristic that has been found connecting the inbound and outbound routes and regions. The CRE is at the heart of connecting these factors.
- c. In heading to the West, CRE can be supported by advanced technology, especially in terms of dispute settlement and security of goods, which can be facilitated by technology.

The design of Xi'an's new land-sea channel that will result in the creation of a logistical network chain involves the relationship between an integration body, base core, and connection key. The integration body leads the base core planning and construction and the logistics integration body leads international logistics chain development. The former is related to the dominant logistics infrastructure network, while the latter is related to the logistics organization chain.

Going into more detail regarding the design of Xi'an as a central hub, there are a few steps that will have to be carried out.

Firstly, the network chain requires transformation and upgrading, supported by international logistics channels and hub bases.

Second, as the logistics hub core is the carrier of integrated innovation, transformation and upgrading of the logistics industry, the National Development and Reform Commission and the Ministry of Transport have set up six types of international logistics hubs: land port; port; airport; production service; trade service; and land border port. Taking Xi'an as an example, there will be a combination of land ports, airports, production services, and trade services that will form an international transit hub.

Third, it is crucial to promote the optimization and upgrading of the traditional manufacturing supply chain through the linkage of e-commerce and logistics and to focus on the transformation of traditional trade to new platforms. The previous step will assure that related industrial clusters are developed and expanded, which will cause an organic increase in demand for logistical services.

Fourth, the land-port hub can also develop the combined transport of railway and sea. Relying on the airport hub, the land-port hub can also focus on the development of aviation related industries, make use of the role of the national transit hub port and carry out industrial logistics, which will improve the efficiency of express logistics. Finally, the China-Pakistan channel will provide Xi'an's central hub with access to the port city of Gwadar through the railway line that links Xinjiang and Pakistan.

There are certain international measures that can be taken to enhance logistics along the OBOR that will inevitably benefit CAREC member states.

- i. There is a need for macro (international) chain channel network infrastructure construction and development, and a need to promote the development of an international transport core business organization to establish an international coordination commission for top-level design and coordination systems. This would allow for a rational layout enabling the creation of a macro channel net chain and microscopic integrated support network chain logistics development countermeasure analysis, formed around a network chain development system.
- ii. Leading international logistics enterprises (as integrators, leading the operation and development of network and chain) should be supported. The linkage of enterprises should

be encouraged in e-commerce and logistics) with overseas mergers and cross-border cooperation on production capacity. In this regard, the construction of integration-led network chain development systems should be supported.

- iii. A ‘neighborhood’ international logistics industry association should be established. Such a body should be unified to include transport and services, develop general and detailed standards, and gradually encourage participation and establishment, in order to lead the international logistics industry in terms of rules and implementation.
- iv. The construction of Xi’an port as a national transit hub to give full play to international departure and destination functions should be strengthened. The construction of links between the base cores along the OBOR should be strengthened to realize the potential of core land ports, seaports, and airports. Logistical strengthening between major countries along the OBOR route can be done by establishing a unified information sharing system that can allow real-time business connectivity services with China’s core ports. The organization system of land bridge transportation has to be strengthened by increasing efficiency, reducing costs, transforming and upgrading, organizing freight transportation in the international channel that has been cleared, and by improving the efficiency index of main channel time turnover.
- v. The construction of a system for international transit hub land port cargo collection, transit, departure, arrival and distribution system should be prioritized. Market-oriented and serialized operation systems for international freight trains should be promoted.
- vi. International logistics parks and international land and bonded logistics ports have to be built actively. Linkages need to be developed between these two industries, as well as industrial linkages and production capacity cooperation. Freight and supply should be concentrated and the facilitation and organization of a long-distance, efficient, large-scale, and low-cost transport system should be supported.
- vii. Transport and logistics along the BRI should be strengthened and the development mechanism of industrial linkages should be promoted to enhance industrial linkages and production capacity cooperation.

Finally, to support the development of logistical infrastructure there is also the need to work on unifying construction standards, charging standards, monitoring standards, and information standards. Bringing legislation and standards up to date requires a multi-faceted approach and the following steps can be taken to move this process forward:

- I. Gradually establish mutually beneficial and convenient customs clearance mechanisms, tariff reduction mechanisms and cross-border logistics service mechanisms, and gradually build the areas along OBOR into the highland of international customs clearance and bonded policies.
- II. Strengthen uniform standards for channel construction and improve channel informatization construction. The track gauge and standard of railway channels in countries along the route should be unified, as far as possible, especially the newly built railway channels, so as to reduce the frequency and cost of replacement. Consistent planning and layout of railway channels along the line, improvement of efficiency of international combined transport, and a reduction in customer’s time spent and cost incurred.

- III. Strengthen the application of big data and cloud computing technology, integrate with the informatization construction of countries along the route, realize the information integration of the whole channel, and meet the demand of real-time tracking of main channel information of international logistics.
- IV. On demand, orderly and phased completion of the missing section of channels along the OBOR route. For countries facing difficulties such as a lack of funds, funds or construction assistance can be provided at the early stage of construction, so as to promote the upgrading of railway facilities and continuously improve economic conditions and trading levels of countries along the route.
- V. Set up national railway coordination committees along the BRI and coordinate the construction of railway corridors along the route. Coordinate and solve the reconstruction of capacity facilities of railway lines along the line and the construction of missing sections. Mediate the safety, claims and other channel transport liability issues for customers, to ensure the smooth operation of each channel.

In conclusion, it can be said that developing Xi'an's international transit port function will build a rapid international logistics channel for Central Europe and Central Asia and promote the transformation and upgrading of international logistics in the region and beyond.

SESSION IV

TRADING FOR SHARED PROSPERITY: CHALLENGES AND PROSPECTS

Moderator: Safdar Parvez, Director, ADB, Manila, Philippines

US-China Trade War- Birth of Neo-Mercantilism

Speaker: Masahiro KAWAI, Director-General, Economic Research Institute for Northeast Asia (ERINA)/Professor Emeritus, Graduate School of Public Policy, University of Tokyo, Japan

The rules-based global trading system is facing a serious crisis today, due to the U.S.'s departure from multilateralism and global cooperation, its unilateral use of higher tariffs as threats to gain concessions from its trading partners, and its intensifying economic and high-tech competition with China. The U.S. Administration has unilaterally raised tariffs on imports of steel and aluminum and threatens to do the same on imports of automobiles for "national security" reasons. The U.S. has raised tariffs on imports from China in three steps, and has announced the fourth step which is to commence in September, citing "unfair trade practices" such as the infringement of intellectual property rights, industrial subsidies for "Made in China 2025," and the use of state-owned enterprises (SOEs). Furthermore, the U.S. Treasury has decided to label China a "currency manipulator." Through these measures the U.S. is attempting to reduce its bilateral trade deficits with its trading partners, China in particular.



Mr. Safdar Parvez, ADB

Engaging in a bilateral trade war, the U.S. perceives China as challenging the U.S.'s global dominance in the economic, technological and military arenas and is acting to deter China's ambition. Notable is

the attempt to exclude Huawei Technologies from the U.S. market and ban U.S. exports to the company. Even if the U.S.-China talks result in a short-run agreement, bilateral competition for economic and high-tech supremacy will likely be a lingering issue for a long time to come.

The intensification of this trade war would substantially and negatively affect both the U.S. and Chinese economies and others dependent on the two, as well as the global economy. The trade war has three implications for countries in Asia. First, it has been disrupting global and regional supply chains by forcing a shift of final-stage production processes away from China to its neighboring emerging economies in Asia, such as Vietnam. This will likely end China's role as the "global factory" and accelerate the country's transformation into a high-value-added industrial and services-oriented economy. Second, the trade war will help to further expand China's trade and investment with BRI countries, further strengthening its economic relations with these countries in various ways. Third, it will encourage Asian economies to increase regional trade and investment and re-establish new supply chains for this purpose. This will require Asian economies to work together to increase demand and create an Asia-wide free trade zone.



Mr. Masahiro Kawai, University of Tokyo, Japan.

Japan has been actively supporting globalization and multilateralism in its attempt to restore a rules-based trade and investment regime. Despite being one of the closest U.S. allies in terms of security, Japan has been critical of the U.S.'s departure from multilateralism and its unilateral approach to bilateral trade deals. Japan took the lead in negotiating, concluding and implementing the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP or TPP-11) after the U.S.'s withdrawal from negotiations. Japan has also implemented the Japan-E.U. Economic Partnership Agreement (EPA) and is actively negotiating the Regional Comprehensive Economic Partnership (RCEP) with 15 other countries. Japan has been balancing risks and opportunities posed by the economic rise of China by engaging it in several economic cooperation processes, such as joint projects in third countries, environmental and energy saving cooperation, and financial cooperation.

What Needs to Be Done to Cope with The U.S.-China Trade War and Restore A Rules-Based International Trading Order?

First, the restoration of a rules-based trading system requires changes in attitude on the part of both the U.S. and China. The U.S. must return to multilateralism and global cooperation while addressing its own domestic issues such as rising inequality, hollowing out of the middle class, and savings-investment deficits. China must transform its economic model (characterized as “state capitalism” by the U.S., the E.U., Japan, etc.) into a true “market economy” by redefining the role of the state, further opening its economy, ending major state subsidies, and substantially privatizing its SOE sector. The two countries must manage their bilateral conflict, with the aim of avoiding economic decoupling, while establishing a consultation process to address domestic structural issues on both sides.

Second, the U.S., the E.U., Japan, China and others must substantially overhaul the WTO to enable it to regain its central role as the primary promoter and arbiter of 21st-century international trade. This should include the recovery of a fully operational Appellate Body for dispute settlement; stricter compliance with notification obligations for transparency; greater protection of IPR; substantial reduction of industrial subsidies; and objectively defining “developing country” status for using “special and differentiated treatment”.

Third, Asian economies are encouraged to intensify their regional cooperation to expand intra-regional trade and investment through completing their RCEP negotiations, expanding TPP-11 membership, and supporting much-needed infrastructure investment (including in the CAREC region). At the same time, they can strengthen economic ties with countries outside Asia, such as those in Europe, Latin America, and Africa.



Impact on Region: Building A Counterfactual

Speaker: Ye Jiandi, Deputy Director General, International Economics and Finance Institute (IEFI), Beijing, PRC

International trade is going through a period of flux, which is down to numerous reasons that include but are not limited to: rising nationalism internationally; a breakdown of international norms; mercantile trade policies and the emergence of Asian countries as powerful economic actors on the global stage.

There are five global trade conflicts, which are under consideration here and are having an impact on the Asian economy. These five conflicts are between the following countries: China-United States; United States-Japan; United States-European Union; United States-Mexico; Japan-Republic of Korea.

The five trade conflicts, alluded to in the previous paragraph, are undoubtedly having a negative effect on the Asian economy as a whole. It is worth mentioning here that four out of five of these global trade conflicts involve the U.S. The ascendancy of Donald Trump to the presidency of the US was in itself a tumultuous event, one that no one could predict and several thoughts to be impossible. The consequences of this victory have been profound and have been felt across a range of sectors, throughout the world, which is of no surprise considering the role played by the United States in global trade and its influence in shaping, implementing, and influencing the rules of international trade.

Donald Trump has tried to implement a nationalistic vision made popular by a slogan we are all familiar with, which holds protection for American industry and jobs as one of its core principles. Inadvertently, this has meant that the U.S. has withdrawn from and renegotiated several major trade agreements. Also, the United States has placed stringent controls on the import of certain goods through quotas, tariffs, and bans. With the United States' position as one of the major markets for countries like China, Japan, Mexico, and the European Union, such revisionist trade policy has had and will continue to have many adverse effects on global trade.



Ms. Ye Jiandi, IEFI, PRC.

This environment of trade conflicts and disputes has meant that currently the global outlook for the future is bleak at best. Prospects for growth in the Asian economy have suffered as different

governments are finding that the United States is no longer such an attractive market for exports. Finding new markets, which undoubtedly exist (in Africa, Asia, and South America) is a challenging task and one that takes time. Trade relations can take several years if not decades to mature and function, as they are multi-faceted and reliant on a buildup of trust. This is evident from the several decades that it took following WW2 to establish a fair, rules-based system of international trade. In the recent past, the Asian economy has been the primary destination for investors, both public and private. However, in the current climate this may not be the case as often investors from Europe and North America are questioning the efficacy of investing in Asia, keeping in mind the climate of uncertainty that has been created due to the conflicts being discussed here. It is also worth mentioning that private individuals and multinational corporations are also somewhat hesitant to invest in other territories, other than their home nations, due to repercussions and government pressure to support domestic growth.

Globalization is a term that is often referred to in conjunction with global trade and it holds true that global supply chains are more interconnected and interdependent, with numerous actors, that at any other period in modern history. With reduced prospects for growth and global trade and investment being undermined by trade friction, Asian supply chains have been disrupted and producers of goods and services have incurred serious losses; downsizing is becoming a common theme across several Asian nations and this is also translating into a destabilizing effect on local economies.

The impacts of these trade conflicts can nowhere be seen more clearly than in the Asian markets, which is referring to Asian consumers but also to the Asian stock markets. Consumption is going down in many Asian economies and several Asian indices have seen their worst performances since the global recession that was triggered by the U.S. sub-prime crisis in 2007. Forecasts for the Asian economy, in terms of GDP, all have negative prospects for growth with GDP percentage growth in developing Asia decreasing from 5.9 percent in 2018 to a predicted 5.6 percent in 2020. Such figures are an early indication of the implications of the trade-conflicts currently taking place, whereas the real long-term effects will only be realized in the years to come. Furthermore, forecasts for GDP growth in Central Asia, East Asia, South Asia, and Southeast Asia are all projecting either a decrease in percentage growth or stagnation in the percentage growth rate.

Other indicators, such as the 'World Trade, Industrial Production, and Manufacturing PMI' mentioned in the IMF's 2019 'World Economic Outlook,' tell a very worrying tale. These indicators show that world trade, industrial production, and manufacturing have taken a steep dive beginning in mid-2017, when the three levels were at about 4.5, to worrying low levels hovering just above 0 at the start of 2019. Such indicators are the reason that many analysts and financial institutions are concerned about an oncoming global recession. One can also look at merchandise exports and imports in the U.S. and E.U. for the same period, to see just how drastically things have changed. In January 2019, exports and imports of merchandise in the U.S. and E.U. were both negative.

In order to build trust between trading nations, economic and trade cooperation must be strengthened rather than weakened and barriers to contact between individuals have to be broken down to establish strong relationships, upon which trade links are built. Unfortunately, the current environment is causing individuals as well as governments to become weary of one another and such conflicts can quickly turn into self-reinforcing cycles of disputes and retaliatory action.

The current situation is putting at risk the entire global trade framework that has been established over several decades and is causing a level of mistrust to emerge between international actors that can take several years to repair. It is important to uphold multilateralism and promote free trade as core values, which the current trade system was built upon. These beliefs have provided a stable arena for several countries to prosper and the international economy to flourish, what is at stake is not just global trade but also international peace and stability. Box 7:

In conclusion, it is up to the public and private sectors to assist one another in improving the conditions in which business takes place and providing avenues for structural reforms to take place as all stakeholders have an interest in resolving trade-disputes, from the largest to the smallest. Nobody wins from trade friction and many economies will suffer; the issues must be resolved. Trade frictions will hit East Asia and South Asia the hardest and it is very important for CAREC members to integrate into value-chains, as it is in everyone's interest.

DISCUSSIONS

Questions:

Mr. Abdul Basir Azimi, Research Fellow, Afghanistan Institute for Strategic Studies: How can a positive opportunity be created from the on-going US-China trade war? Is it not extremely dangerous to have these two economic powers fighting a trade war?

Jie Zhou, Officer, Shaanxi Finance Department: Japan also had a trade war with the U.S. It is said, Japan had a lost decade because of the trade war with the U.S. I want to hear from Dr. Kawai, as to what suggestions he has for China and is decoupling of the two economies possible?

Samina Khalil, Director, Applied Economic Research Center, and University of Karachi: What could be the possible impact of this trade war on the BRI initiative. Is there any possibility to limit the extent to which this war can affect the global economy?

Answers

Dr. Kawai: Vietnam and a few others are expanding exports and they have the supply capacity, they also receive FDI from China and are expanding productive capacity. Clearly, such countries are benefitting. However, the overall global economic climate is deteriorating. If the U.S. gets into a significant economic slowdown then countries like Vietnam could also be affected. Replacing China as an exporter to the US also has its risks, if they are too successful then the US trade deficit against these countries would rise and it could pressure them.

With reference to the question on the consequences of having these two economic powers fighting a trade war, the situation can worsen if such a trade war is coupled with a currency war. By labeling China as a currency manipulator, the U.S. might start intervening in the foreign exchange market eventually leading to a serious currency war. Under the current plan of tariffs till December this year, the U.S. economy may slow down whereas, the Chinese economy is slowing down and perhaps would slow down further.

Regarding the second question, the trade war is not the cause of Japan's two lost decades. During the stagnation after the bursting of the bubble, Japan made several mistakes. They allowed excessive

currency appreciation and did not in the first place prevent a bubble from forming. After the bursting of the bubble they also could not handle the situation very well. There were a series of mistakes from the Japanese government at the time, friction was there but one advantage was that Japan opened up and structural reforms took place. At the end it had become much more stable and competitive as an economy. Similarly, managing the current situation is important for China. Decoupling is possible but the costs will be too high, and many American firms would resist such a move. Perhaps in certain segments like telecommunication there is a chance that decoupling could take place, but overall economic decoupling is unrealistic.

Ye Jiandi: One cannot be that pessimistic about a global recession as the risks do not seem very large. If we look at the policy space, then China has a lot of space to implement policy and carry out reform. Of course, trade friction does reflect the existing risks for the global economy, yet negotiations should take place based on mutual respect. When people begin to see the real impact of this trade war, they may become more realistic and hopefully decisions will be based on rationalism rather than personal styles.

My answer to the question raised by Samina Khalil is that there have been a lot of developments since 2013 under the BRI. China's trade with these countries has gone up by about 10 percent. While other countries' role will increase in the value chain, I disagree with Dr. Kawai and believe that China would not cease to be the factory of the world because of a strong manufacturing base and labor competitiveness. Certain industries will move to other countries, but the PRC will work with other countries to ensure this happens in an orderly manner. The process has already started and will continue to accelerate.

Safdar Parvez: The key takeaways for this session can be summed up by concluding that trade wars do not benefit anyone and if they remain unchecked the likelihood of a global recession increases. Furthermore, there are clear incentives for regional countries to increase trade. While there is no alternative to multilateralism and the current trade system, global reforms must be carried out to create a level playing field for all member states.

CAREC Integrated Trade Agenda (CITA) 2030: Key Pillars and Strategic Action Plan

Moderator: Syed Shakeel Shah, Director, CAREC Institute

Speaker: Dorothea Lazaro, Regional Cooperation Specialist, Asian Development Bank (ADB), Manila, Philippines

Introduction

CAREC members have made continuous efforts to integrate in multilateral trade, particularly Kazakhstan in terms of the WTO. Trade needs to be expanded by 2030 but at this moment in time, CAREC members are not integrated well in the global economy or with each other for that matter. It can take upwards of 50 hours for CAREC members to clear goods traded with each other so there are significant costs in terms of time, expenses, and capital required. The services sector also remains restricted and the institutions devoted to trade in CAREC member states are usually weak. Policies are often uncoordinated; there are 73 FTAs that CAREC members are a part of, but they are limited to goods. To assist with integration, CITA 2030 has been developed and it takes a fresh, open approach.

Rationale

The long-term strategy for the CAREC Program, CAREC 2030 strategy, aims to strengthen CAREC's role as a catalyst for trade expansion and economic diversification. The evolving global and regional trade landscape, the escalation of international trade conflicts and policy uncertainties that continue to pose risks, and changing country circumstances and recent reforms, calls for a coherent approach to strengthening trade in the CAREC region and beyond.

CAREC members (including Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region of the PRC) however, are not well integrated into the global economy. The global trade share of CAREC members (excluding the PRC which accounts for 11.5%) has plateaued at less than 1% from 2009 to 2017. Exports from Central Asian countries show high divergence from the global pattern and high product concentration. Compared with other regions in Asia and the Pacific, CAREC members are the least integrated regionally in terms of trade, investment, and movement of people. There is therefore a room for CAREC to enhance trade by addressing the main challenges, including poor market access, limited economic diversification, and weak institutions for trade.

CITA 2030 comprises three pillars:

1. Trade expansion from increased market access through promotion of more open trade policies and strengthening of customs cooperation;
2. Greater economic diversification through support for reforms, provision of financing, and linking CAREC countries with global and regional value chains; and
3. Stronger institutions for trade through better coordinated sectoral policies and priorities, evidence-based policy-making and enhanced capacity of government agencies.

Strategic Framework

The CAREC Integrated Trade Agenda (CITA) 2030, endorsed at the 17th CAREC Ministerial Conference

in November 2018 in Turkmenistan, aims to assist CAREC members to integrate further into the global economy. It seeks to enhance the growth potential of CAREC members and improve the living standards of its people.

Rolling Strategic Action Plan

CITA will be implemented using a phased and pragmatic approach taking into consideration the capacities and varying levels of progress among the countries. A 3-year rolling strategic action plan (RSAP) translates CITA into practical and implementable periodic phases, while being reviewed annually to ensure continued relevance and responsiveness to countries' needs and priorities. RSAP serves as a platform to build a pipeline of projects, mobilize funds, and coordinate seamlessly with countries and development partners for CITA implementation.



Ms. Dorothea Lazaro, ADB.

Strong country ownership, development partner commitment, effective engagement with the private sector, and coordination with other stakeholders, guide CITA 2030's institutional framework. The Regional Trade Group (RTG) is the lead coordinative and consultative body for overarching trade issues, and the CAREC Customs Cooperation Committee (CCC) is responsible for all customs-related CAREC projects and activities. Both the RTG and the CCC report to the CAREC Senior Officials Meeting. These two bodies coordinate and cooperate with a wide range of stakeholders engaged in trade-related activities in CAREC countries. Ad hoc working groups and expert groups in technical areas such as sanitary and phytosanitary measures and regional and national working groups are established to improve regional cooperation and knowledge-sharing.

Potential Role of CAREC Institute and Think Tank Forum

Implementation of CITA 2030 will be closely coordinated with development partners to share knowledge, create synergies, and optimize the use of resources. The main objective is to **bridge trade policy discussions with knowledge work** through increased linkages and cross-learning opportunities

with national think tanks and research platforms, such as the ADB Institute, the CAREC Institute, and the ADB–PRC Regional Knowledge Sharing Initiative.

In Pillar 3, CITA will include measures to improve data collection and cross-country analysis, enhance officials' policy analysis and negotiation skills, and increase participation of think tanks and the private sector.

Interventions will include:

- Development or increased awareness of data sources to support trade policy analysis;
- Development of e-platforms and an online trade portal for improved exchange of information and updates on CAREC trade policy regimes, best practices, statistics, and trade-related programs supported by development partners;
- Analytical work on areas with long-term implications in enhancing trade, such as the effect of existing and potential trade agreements which include one or more CAREC countries and feasibility of a CAREC-wide FTA;
- Capacity building and knowledge sharing on FTAs, including through inter-sub regional sharing of experience on FTAs (e.g., with the ASEAN), and seminars to increase awareness and understanding of FTA issues beyond trade in goods such as trade in services, investment, competition policy, intellectual property, economic and technical cooperation, and development of a reference guide or model for comprehensive FTAs; and
- Strengthened public–private sector dialogue to provide an enabling environment for private sector participation in global and regional trade (e.g., authorized economic operator's schemes).

Speaker: Bahodir Ganiev, Consultant, Asian Development Bank (ADB), Manila, Philippines

Introduction

In recent years, cross-border economic corridors (CBEC) have emerged as an effective tool for deepening regional economic integration and promoting economic growth and development. Such corridors have been established or are being developed in various parts of Europe, North America, Asia and Africa. The long-term strategic framework for the Central Asia Regional Economic Cooperation (CAREC) Program leading to 2030 has identified economic corridor development as one of its operational clusters that will also support trade and tourism.⁶

As there is no standard definition for CBECs, for the purpose of a working definition, CBECs have been defined here as integrated economic regions that span two or more countries. Typically, they include several big cities and the regions around and between these cities. They are characterized by superior connectivity (including transport and digital connectivity), seamless movement of goods and people across borders, and extensive cross-border trade and investment flows. They involve cross-border value-chains and clusters of economic activity.

This note briefly discusses the rationale for development of CBECs in Central Asia, including their benefits for the Central Asian countries (CAC). It also highlights the major challenges and favorable factors for developing CBECs in Central Asia. Finally, this note provides an overview of ongoing efforts to develop the Almaty-Bishkek Economic Corridor (ABEC) and Shymkent-Tashkent-Khujand Economic Corridor (STKEC).

Rationale for Development of CBECs in Central Asia

There are many reasons why CBECs are needed in Central Asia, such as for increased integration, bilateral trade, FDI, and urbanization etc. The economies of CACs are small and not well integrated into the global economy. The most populous country in Central Asia, Uzbekistan, had a population of 32.7 million in 2018. The CAC with the largest economy, Kazakhstan, accounted for less than 0.4% of the world's GDP based on purchasing power valuation in 2018. The ratio of total merchandise trade to GDP is lower in Central Asian Republics (CARs) than in many other countries of a similar or larger size.

The bilateral trade flows that do exist between some CACs are quite small. In particular, recorded trade with the Kyrgyz Republic, Tajikistan and Turkmenistan makes up a small fraction of Kazakhstan's total merchandise trade. The Kyrgyz Republic accounts for a small portion of Tajikistan's recorded total merchandise trade and vice versa. Similarly, recorded trade with the Kyrgyz Republic, Tajikistan and Turkmenistan accounts for a small proportion of Uzbekistan's total merchandise trade.

The stock of inward foreign direct investment (FDI) as percentage of GDP is relatively small (below 50%) in the Kyrgyz Republic, Tajikistan and Uzbekistan. Moreover, FDI is concentrated in the energy and mining sectors. Excluding FDI in these sectors, the stock of FDI is small in all CACs, including Kazakhstan and Turkmenistan.

Levels of urbanization are quite low in CACs. According to World Bank data, urban agglomerations of

⁵ Here and in the rest of this summary, the term Central Asia refers to the region consisting of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

⁶ Asian Development Bank (ADB). 2017. CAREC 2030: Connecting the Region for Shared and Sustainable Development. Manila.

more than 1 million people accounted for 15.9% of the total population in Kazakhstan and 7.5% of the total population in Uzbekistan in 2018. The value of this indicator is most likely between 10% and 20% for the Kyrgyz Republic and Tajikistan.

The manufacturing and services sectors are underdeveloped in CACs. The number of international visitor arrivals is smaller in the CACs than in many other countries with similar tourism potential. Services relating to information and communication technology make up small fractions of total exports of services in the CACs.



Mr. Bahodir Ganiev, Center for Economic Development, Uzbekistan.

Furthermore, primary commodities dominate the exports of the CACs. In 2018, they made up about 90% of total merchandise exports in Kazakhstan and Tajikistan, around 80% of merchandise exports in Uzbekistan and about 70% of merchandise exports in the Kyrgyz Republic.

The development of CBECs can be useful to the CACs in many ways. In particular, it can help CACs deepen their economic integration with each other and with the rest of the world, attract more FDI and international tourists, develop urban agglomerations, grow the manufacturing and services sectors, diversify the composition of exports away from primary commodities towards manufactures and services, and make a greater variety of higher quality goods and services available to consumers at lower prices. Broadly speaking, the development of CBECs can help CACs reap the benefits of regional and global economic integration and agglomeration.

Challenges and Favorable Factors in Developing CBECs in Central Asia

There are many challenges in developing CBECs in Central Asia. Firstly, there is the need to overcome misperceptions among the general public about foreign trade (in particular imports) and the resistance of vested interests to reforms (such as modernization of border crossing procedures and liberalization of markets for transport and logistics services). It is also a challenge to secure and sustain the commitment of numerous stakeholders (including various central and local government agencies). Lastly, there are the challenges of enhancing trade facilitation and improving the overall business environment and effectively managing the risks, including social, environmental and security risks,

associated with regional and global economic integration and rapid urbanization.

However, there are also a number of favorable factors for developing CBECs in Central Asia. There are strong historical, cultural and ethnic ties among CACs. In recent times, there has also been an improvement in the bilateral relations between many CACs (in particular, between Uzbekistan and Tajikistan) and the governments of most CACS attach a high priority to deepening regional and global economic integration. Furthermore, many CACs are members of international unions: Kazakhstan and the Kyrgyz Republic are part of the Eurasian Economic Union; Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan are members of the Shanghai Cooperation Organization (SCO) and the free trade agreement of the Commonwealth of Independent States; Kazakhstan, the Kyrgyz Republic and Tajikistan are members of the World Trade Organization and Uzbekistan has renewed efforts to join this global body. Finally, there is an environment that is conducive to the creation of CBECs in Central Asia due to larger projects like the PRC's BRI.

Almaty-Bishkek Economic Corridor

ABEC is the first CBEC under the CAREC program. For a variety of reasons, the progress in developing this CBEC has been slow. In November 2014, the Mayors of Almaty and Bishkek signed a memorandum of understanding aimed at developing ABEC. In 2017, the governments of Kazakhstan and the Kyrgyz Republic agreed to oversee ABEC development through the Intergovernmental Council, which is chaired by the Prime Ministers of the two countries. The Council created the ABEC subcommittee, a regular official meeting of the two national governments, regional governments, and private sector representatives, which is co-chaired by the Kazakh and Kyrgyz CAREC National Focal Points. Since then, the ABEC Subcommittee has held four meetings.

In September 2017, the first subcommittee meeting in Bishkek decided to prioritize the following projects:

- Agriculture: Setting-up cross-border agricultural value chains through agricultural wholesale markets and collections centers, product certification, and traceability;
- Tourism: Almaty—Issyk-Kul road construction as a toll road based on public-private partnership and establishing regional tourist products;
- Transport: Modernizing border-crossing points and implementing direct bus service between the two cities and airports; and
- Social Sectors: Establishing a regional reference laboratory for communicable diseases and addressing skill gaps related to agriculture and tourism.

Shymkent-Tashkent-Khujand Economic Corridor

In October 2018, the ADB approved technical assistance to assess the potential for developing a CBEC among Kazakhstan, Uzbekistan and Tajikistan, with focus on the major cities of Shymkent, Tashkent and Khujand and the surrounding oblasts of Turkestan, Tashkent and Sughd.⁷ In May-August 2019, the technical assistance team conducted two rounds of consultations with key stakeholders (including central and local government agencies, the business community and development partners) in Kazakhstan, Tajikistan and Uzbekistan on possible focus areas and priority actions for STKEC

⁷ ADB. 2018. Technical Assistance for Assessing Economic Corridor Development Potential Among Kazakhstan, Uzbekistan, and Tajikistan. Manila

development. Following these consultations, the technical assistance team has compiled a preliminary list of focus areas for STKEC development, which includes the following:

- Improvement of transport connectivity;
- Modernization of border crossing procedures and infrastructure;
- Development of cross-border agricultural value chains;
- Modernization of sanitary and phyto-sanitary (SPS) measures and development of quality infrastructure for exports of agricultural and food products;
- Development of regional tourism; and
- Development of special economic zones and industrial parks.

The team has also developed a preliminary list of priority actions needed to develop STKEC. The list includes the following:

- Harmonization of transport regulations and abolition of quotas for entry of foreign trucks;
- Introduction of electronic-Transports Internationaux Routiers (e-TIR) and a multi-country tourist visa;
- Establishment of green/express lanes at border crossing points;
- Development of a network of modern agri-logistics centers;
- Transition to risk-based SPS control over imports; and
- Upgrading of SPS laboratories .

The ADB will hold a regional workshop in Tashkent, Uzbekistan in October 2019 to discuss, with key stakeholders, the preliminary lists of focus areas and priority actions for STKEC development as well as possible projects that the ADB and other development partners can support.

DISCUSSIONS

Questions

Dr. Siddarth Saxena, Chairman, Cambridge Central Asia Forum: My question is for the first speaker, you spoke about the pillar in context of policy dialogue while it is important to remember that particular countries in Central Asia are still upcoming sovereign projects, only now are we coming into the age that these countries are realizing their sovereignty after coming out of integration that was disbanded (Soviet Union).

Giorgi Bilanishvili, Research Fellow, Georgian Foundation for Strategic and International Studies: The concept of economic corridor is new in Central Asia. When these countries are making the decision, do they have understanding of how many years will it take to achieve such projects or then what will be achieved in terms of GDP, power generation, trade, etc.?

Fakhriddin Ergashev, Attache Ministry of Foreign Affairs of the Republic of Uzbekistan: What is the concept behind these corridors in Central Asia? Furthermore, is the CAREC 2030 agenda for trade only limited to business and trade with member countries or are other organizations involved? And what aspects do you believe it may involve in the coming thirty years?



Forum Participant

Answers

Dorothea Lazaro: Regarding the policy dialogue, countries are grappling with the same problems but there is willingness to talk and communicate with each other. In terms of the business model in how each country can contribute in the global value chain, it is still in the early stages as to how each country can be encouraged to participate in GVCs and there is a lack of support for SMEs.

As per the last question raised, CITA 2030 is an open and inclusive platform and aims to share experiences with other partner organizations and CAREC partakes in several other development programs of different organizations and aims to expand these partnerships in future.

Bahodir Ganiev: It has been 28 years since these countries became independent. Some other former Soviet members like the Baltic states have been much more successful in diversification compared to the former Soviet members in the CAREC region. There are sectors in these economies where they could have arguably done much more to expand manufacturing, especially in food and textiles. These countries have unrealized tourism potential and they receive less tourists combined than Malaysia does alone. However, their location also inhibits their integration, as they are landlocked.

With reference to the second question, we are trying to come up with a vision for what the corridors would look like in five to ten years from now and how these projects will impact their growth, exports and income etc. This is a big challenge in terms of analytical work but is even more challenging in terms of actual implementation. We are also working to narrow down the focus to a few areas to bring tangible results as possible.

Lastly, the designed corridors in the coming years will be multi-faceted in their nature. Instead of just trade and transport, it will be designed to involve economy, people and deeper economic integration in the region. Of course, this may cause some frictions and resistance and we do realize this.

SESSION V

NEW TECHNOLOGIES: POLICY IMPLICATIONS FOR CAREC REGION

Moderator: Dr. Siddarth Saxena, Chairman, Cambridge Central Asia Forum, UK

Evaluating Impact of New Technologies on Transforming Trade

Speaker: Ian Watt, Founder & CEO, NeXTRADE World Pvt. Ltd. Melbourne, Australia/Vice Chair, the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT), United Nations Economic Commission for Europe (UNECE)

Technology has developed at a rapid pace and continues to do so. Therefore, it should also be legislated for. Currently, there is a lack of legislation. We are now talking about doing things differently than in the past. The problem is that technology can be implemented but if the support structures are not brought up to scratch then it is ineffective. Moving forward to frictionless global trade will require transparency and trustworthiness.

The problem

An average international trade transaction involves 27 to 30 different parties from the commercial, logistics, financial, and regulatory sectors. These international trade participants operate with siloed business processes and rely on conflicting standards developed by sector-centric bodies. Furthermore, no standard has effectively addressed all four sectors of international trade, with disconnects existing between finance and the other three sectors: commercial, logistics and regulatory. This can only ever produce unclear, untrustworthy data and obstruct end-to-end supply chain transparency and visibility, trade finance, insurance, asset efficiency and regulatory compliance. The current 'AS-IS' approach is also unsuited to end-to-end track and tracing the movement of the physical product and achieving product authentication and protection of product quality. This is a significant trade barrier for Micro and Medium Sized Enterprises (MSMEs) with negative impact on importers, exporters and their required service providers.

What will it take for the Internet to be useful to the importer/export trader?

A conversation is taking place about capturing data once, from the accountable source (although possibly in stages) and then sharing this data, as required, with many players in the supply chain, which will all be done electronically with no manual re-inputting. A transformed, semantic data-centric, 'process' driven value chain is required to share, verify and contextualise the vast quantities of data being delivered by new technologies such as Internet of Things (IoT), the rise of collaboration platforms, Blockchain, and other Distributed Ledger Technologies (DLTs). These modern technologies are being implemented as part of restrictive, lock-in, monolithic architectures based on bespoke syntax. This approach will constrain adoption, particularly by MSMEs that require complex systems due to their dynamism.

Moreover, enhanced security offered by the latest technologies cannot promote trustworthiness while the sources of data remain limited to untrustworthy traders and logistics providers. Instead, an open micro-services architecture, that implements international standards-based semantics, is required to derive actionable insights from disparate data. Extracting actionable insights from rapidly increasing volumes of trade data requires understanding its context within the agreed trading pattern (e.g. Free on Board). This is only possible by linking collaboration processes and semantically understood data across the four sectors of international trade.



Mr. Ian Watt, UN/CEFACT.

The realisation

These semantic translations will be linking the conflicting data sources, technologies, standards and platforms in use throughout International Supply Chain. In doing so semantic micro-services on top of an object-oriented database and via APIs to correlate trade data against that of trustworthy parties, initially customs and other government regulators but increasingly drawn from IoT devices. The massive scale required to link data and participants from all sectors of the supply chain requires multi-sided aggregation that is best delivered by an open micro-services architecture.

In conclusion, the United Nations Center for Trade Facilitation and Electronic Business (UN/CEFACT) has a charter to bring forward standards to facilitate trade. Currently, there is the smart container project and the Internet of Things (IoT) general project. However, it seems likely that The Third Industrial Revolution may not sort out the problems of MSMEs after all.

Policy Implications for CAREC Region in Terms of Taxation, Licensing and Regulations

Speaker: Dr. Hong Xue, Director of Beijing Normal University Institute for Internet Policy & Law (IIPL), Co-Director of UNCITRAL-BNU Joint Certificate Program on International E-Commerce Law, Beijing, PRC

The revolution of information technology that began in the 20th century has radically changed the way commerce is practiced. In today's world, people are not required to visit shops and stores; most products are available online to be purchased and delivered. In addition to e-retail, the emergence of digital goods such as streaming media, downloadable software, and applications is yet another commercial aspect of the technology involved in commerce. However, these new forms of e-commerce practices raise several legal issues, most profoundly: how can the existing commercial legal framework be updated to regulate e-commerce?

CAREC member states are facing a lot of difficulties and challenges in developing their economies. However, new technologies can allow CAREC member states to leapfrog in terms of their progress but, first, laws are needed to regulate the use of these new technologies. More laws are not necessarily equal to an appropriate regulation system; rather they should be effective and remove barriers to trade making things more efficient.



Ms. Xue Hong, Beijing Normal University, PRC.

Cross-border data flows pose a real problem. However, electronic laws and standards are being created to allow for smoother data transfer; once again domestic legislation must be considered as cross-border data flows also have implications in terms of taxation.

Smart contracts are becoming an increasingly common feature in developed economies. In today's world, some transactions can be fully progressed by Artificial Intelligence (AI). When conducting these transactions on an international scale, parties seek their transaction regulated by an internationally recognized legal system that stores the details of the transaction and makes it accessible to both parties. Here we have the issue of legal attribution and user protection.

User protection is a new legal phenomenon; by using this new system it is common for one party to provide the system and allow the other to use it, which allows the first party to discriminate so once again legal frameworks are needed. Similarly, in making a payment online, the involved parties seek their payment managed and secured by a strict legal system. E-payments require strong regulation and anti-competitive practices should be policed. The market is becoming dominated by just a handful of firms (e.g. Google) and in some cases abuses of market dominance are rife.

Further, there is an entirely new product category in the form of digital goods, which includes but is not limited to streaming and social e-commerce products. For example, users can use platforms like Facebook's 'marketplace' to sell things and many digital goods can be transferred through such models. Access has to be provided to enjoy the purchase of anything one wants. Branding can also be done entirely online and this is common on platforms like Instagram. However, akin to the formal market, the digital market is also vulnerable to dominance and unfair practices; thus, a strong legal system should encounter these practices.

Taxation stands as a major legal challenge for countries when trying to regulate digital commerce, and the existing framework in most countries is outdated. Recently, many European countries have tried to enforce taxation codes to tax large e-commerce platforms like Amazon and E-bay. This is a trend that is also being seen in the U.S. and is not limited to e-commerce platforms but also concerns social media platforms. Even in developed nations it is evident that taxing digital goods/platforms is challenging, and recent attempts have had mixed success. International companies are extremely difficult to tax, especially as they seem to be offering services for free. Currently, there is a rethink about the role of digital companies and how they should be taxed and regulated. Users make great contributions through the provision of their data, which these companies are gathering for free. The existing taxation laws are not sufficiently updated to oversee digital transactions and governments around the world are struggling in this domain. Although digital commerce leaves a taxable presence, which can be retrieved in the form of revenues, number of users and volume of transactions, the laws in most CAREC member states have not been updated yet.

In the digital world, the role of documents is somewhat diminished rather, electronic evidence plays a major role. In order to integrate the existing legal system with the digital world, the former should allow for paperless facilitation for the registry of enterprises and recognition of transactions. Such digital licensing systems need to be designed with legal frameworks. Currently, the

E-payment requires strong regulation and anti-competitive practices should be policed. The market is becoming dominated by just a handful of firms (Google). There are abuses of market dominance.

WTO is struggling with such things and countries are finding it difficult to reach agreements. In the digital world, most transactions are not only domestic; rather, they take place across the globe. Parties to a transaction can be present in different countries and the legal contract can be present in a third country and for this reason, there must be a kind of extra-territorial legal system that will be able to regulate such transactions. Therefore, a level of international cooperation on the existent laws in the digital realm must exist.

International cooperation is required for all these laws and harmonization is needed so that data can be shared easily across borders. Chinese e-commerce law has been enacted and has been in place for about a year. The model law named 1.0 was laid down in 1996 and now 2.0 is being deliberated upon. 1.0 is a comprehensive set of regulations, building an entire environment for e-commerce and digital

services. However, it is comprised of 11 different legal systems. 2.0 promises to be a unified horizontal legal system that comprehensively regulates e-commerce transactions.

In conclusion, when trying to enable a digital economy it is important to build all digital legal norms into one body. In building their own e-commerce laws, Chinese regulators and legislators can offer guidance and advice to CAREC member countries.

DISCUSSIONS

Questions

Nurlan Kulbatyrov, Deputy Director General, Centre for Trade Policy Development Kazak ministry of Centre for trade policy: The declaration system has been automated and for CAREC countries it will be interesting to know about Kazakhstan's experience. Starting from last year in Kazakhstan, the



ASTANA-1 customs declaration system has been in use. It

has helped reduce costs for businesses as well as corruption levels and almost one hundred percent of declarations are made electronically now. It now just takes thirty-five minutes for customs clearance and at times just one minute for documentation clearance. There is a single window for import and export transactions for some countries yet at the same time not all CAREC countries are part of this system and their data information is missing. To reduce data discrepancies in CAREC countries, we need to first think of bringing them all equal in terms of data information availability.

Saad Abdullah Paracha, Senior Regional Cooperation Specialist, CWRC, ADB: How do we balance the promotion of e-commerce in CAREC countries? The next question is for Dr. Ian, we do realize that certain CAREC member countries are weak in terms of their cross-border trade infrastructure (landlocked), will Internet infrastructure become a prerequisite for trade?

Ms. Jing Zhang, Director, Beijing National Accounting Institute: E-commerce can be a solution for CAREC region as any service developed for example, the region can provide some music services to the world without travelling distance. Moreover, there was a WTO negotiation in which some CAREC member countries participated, my question here is that those countries who have not participated yet, is it possible for them to participate in the future?

Answers

Ian Watt: The data sent from the businesses' side is often unclear and inaccurate. Some countries have not done very well in this regard. Work in the past revolved around getting through the border and seeing the necessary people, which was quite expensive. In this regard, what I would suggest is Recommendation 33, which is the single-window recommendation and Recommendation 37 that is the single portal. The CAREC region being a group of countries working together, at a regional level, could get this right and it would be easier to do at the regional level and then spread it across the globe.

Dr. Hong Xue: We have examples of cities like Almaty and Astana who have made the use of single windows very efficient. Being landlocked will no longer be an issue; countries would no longer have to suffer as a consequence of tariffs, as ideally the CAREC Program, through economic corridors, would bypass the difficulty of geographical barriers.

However, the problem lies in the cross-border systems and how to link CAREC member states to those who are not members of CAREC. The region must look up to the WTO for the solution. Regarding the future participation of member states, all the signatory countries of WTO have to reach consensus even if they haven't participated and they will eventually have to endorse one by one after the treaty has been made.

Dr. Siddarth Saxena: While we talk about going paperless, we must also address the bigger issue of climate change and the question of sustainability and how we are tackling that, as it is not a part of mainstream discussion. While adopting these e-commerce systems, countries must look at the overall cycle not just the fact that it is cost saving.

SESSION VI

EMBRACING E-COMMERCE

Moderator: Altaaf Hasham, Management Program Liaison Officer, Agha Khan Development Network (AKDN), Bishkek, Kyrgyz Republic

Readiness of CAREC Region for Embracing E-Commerce

Speaker: Tengfei WANG, Economic Affairs Officer, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok, Thailand

E-commerce is moving ahead whether we like it or not. The e-commerce revolution in Asia and the Pacific (including CAREC) presents vast economic potential but also risks because it brings competition, and this has to be dealt with. E-commerce environments can often vary from one another and therefore partnership in terms of e-commerce is extremely important. Partnering with regional e-commerce platforms is the key to support developing countries and the least developed countries and make e-commerce inclusive. The e-commerce market in the CAREC region remains highly heterogeneous, in terms of economic factors and conditions, the legal and institutional environment, and social acceptance. In certain CAREC countries, similar to those in Asia and the Pacific (Fiji etc), there is often no e-commerce to be found. The reasons are economic, technical, and regulatory.

E-commerce development: an analytical framework

An analytical framework can be constructed to examine the factors that act as barriers or facilitators to e-marketplace development—participants' ability and/or willingness to do what is required to establish a viable e-marketplace. The framework reviews what affects e-marketplace development by three dimensions: (i) economic factors and conditions, (ii) legal and institutional environment, and (iii) social acceptance and awareness. Each has direct and indirect effects on the e-marketplace. Economic factors directly affect the accessibility and viability of e-commerce activities. The legal and institutional environment directly legitimizes e-commerce-related activities. Social acceptance and awareness directly affect the e-commerce behavior of individuals and organizational decision-makers.

The Asia and the Pacific regions perform well in terms of the market size of Internet retailing, a subset of business to consumer (B2C) e-commerce. In 2017, the combined Internet retailing market share of Asia and the Pacific was already above that of North America and Europe combined. Developments in this region, in e-commerce, have been very fast. Moreover, the global economic importance of e-commerce has more than doubled (as a percentage of GDP) in five years internationally. In the Asia-Pacific region it makes up the largest percentage of GDP. According to Euromonitor International, the global Internet retailing market share of Asia and the Pacific will reach 48.5% of the global total in 2021 compared with 47.2% in 2017.

Asia and the Pacific is the largest and fast-growing e-commerce market but countries in the region differ from each other in terms of e-commerce development.

Challenges in the CAREC Region

Affordability is often a problem; delivery of products can be difficult and there may be no existing infrastructure. There is a need to lay down Information and Communications Technology (ICT) infrastructure. Economies of scale also come into play when developing ICT infrastructure, for example the model of China cannot be implemented in every country.



Mr. Tengfei Wang, UNESCAP.

Information and Communications Technology (ICT) infrastructure is important for a member state to be productive in terms of e-commerce, retail, and digital services. Unfortunately, many countries in the CAREC region are lacking in terms of ICT infrastructure and even things like broadband speeds. Often, CAREC countries, for example Afghanistan and Pakistan, can fall short in terms of ICT infrastructure. Other CAREC member states are doing well in terms of keeping up with average global speeds. In terms of subscriptions for fixed broadband (per 100 people) CAREC members are at the lower end.

Legal and taxation frameworks are also important to support e-commerce. Legislation in key areas of cyber-law is missing in Afghanistan. Consumer protection laws are entirely missing in the majority of CAREC member countries, privacy and data protection laws are available in most and cybercrime laws exist in about half. However, whether these laws are keeping up with the rapid development of e-commerce remains to be seen. In terms of legislation on e-commerce, China is at advanced stage. Kazakhstan has promulgated a few laws and regulations on e-commerce. Other CAREC members are in the early stages of e-commerce legislation.

There are some core issues in the development of cross-border e-commerce. Firstly, market access is a problem, which contains an array of problems like customs duties, valuation issues, and movement and data access. Second, there are issues with rules and regulations and finally with facilitation. One must note that **cross-border e-commerce is not business but rather trade**. Trade procedures also apply to cross-border e-commerce. UNESCAP has conducted a survey on the overall implementation of trade facilitation measures in 44 Asia-Pacific economies. There is a variation in the performance of

CAREC countries, but most are performing quite well at about fifty percent. In terms of taxation there should be a threshold, below which goods should not be taxed, and many countries do have such thresholds. However, there is a vast disparity in these tax thresholds (de minimis thresholds).

CAREC countries, except China, are at a nascent stage of developing cross-border e-commerce. Compared with domestic e-commerce, cross-border e-commerce is more complicated. It involves at least three aspects: 1) Market access: contains a wide range of topics including customs duties, valuation issues, movement of natural persons and access to data; 2) Rules and regulations: touch upon different issues including intellectual property rights, protection of personal information, consumer protection and competition; and 3) Facilitation: covers areas on paperless trade, e-signatures and digital authentication.

The way forward

To unlock the potential of digital trade and e-commerce, it is imperative to introduce the following measures: 1) enhance affordability of and access to ICT; 2) institute legal, regulatory and institutional reforms; 3) improve logistics and delivery infrastructure; 4) intensify regional efforts to modernize and harmonize regulations; and 5) broaden e-payment availability and options.

In the context of the 2030 agenda for sustainable development, it is important to ensure that e-commerce serves inclusive development. In other words, disadvantaged groups such as those in rural areas and MSMEs should benefit from e-commerce. In this respect, policy intervention and capacity building of relevant stakeholders should be geared towards creating an equitable environment. One recent example of e-commerce being used to promote rural communities is the agreement between China and Thailand to facilitate the Durian trade, which is taking place through e-commerce platforms.

While developing countries often face many challenges in developing e-commerce, they are not working alone. Development partners, the private sector and other actors can provide useful support. Developing countries should be proactive in taking advantage of the support from donors and development partners. To this end, they need to identify the strategic areas for developing e-commerce when they request for the support from the donor. Developing countries may work with the private sector and e-commerce platforms to accelerate e-commerce development. For example, countries may consider working with regional platforms to sell their national products to overseas markets. Such cooperation will have spillover effects: the least developed countries could adopt advanced cross-border e-commerce methods; build their capacities in developing e-commerce; and identify more business opportunities.

E-Commerce: Key Takeaways from China's Experience

Speaker: Victor Tseng, Vice President of Corporate and Investor Relations, PinDuoduo, Shanghai, PRC

How E-commerce can accelerate the promotion of Agricultural products and open up new paths for Poverty Alleviation?

The total retail market size between China and the U.S. is almost equal. By certain third-party forecasts,

Pinduoduo is a new e-commerce platform dedicated to providing value-for-money products, across all product categories, in a fun and interactive way for all users. Pinduoduo was founded when most of the Chinese market accepted the status quo of the existing e-commerce landscape and thought its formative phase had come to an end.

China may surpass the U.S. as the biggest retail market in the world by end of this year. E-commerce penetration in China is also higher at 20-25%, versus about 10-15% in the U.S. China already surpassed the U.S. as the largest e-commerce market a few years ago. Driving this high penetration of e-commerce in China are mobile penetration rates, mobile payment penetration rates, the delivery infrastructure and less developed offline retail alternatives. As a result, Chinese e-commerce continues to grow at a rate of about 25% year-on-year.

Through its innovative business model and technological applications, Pinduoduo has been able to revamp the current product supply chain distribution layers, continuously reducing social resource wastage, thus creating more value for users. Pinduoduo is one of the leading innovators in the agriculture and manufacturing industries.



Mr. Victor Tseng, Pinduoduo, PRC

Within a period of just four years, Pinduoduo has become the second largest e-commerce company in China by number of users. As of the end of June this year, Pinduoduo has gathered more than 3.6

million active merchants. Last year the company successfully listed on NASDAQ to become publicly listed. Pinduoduo continues to outpace industry growth and the company is optimistic about the e-commerce opportunities ahead.

Pinduoduo started out by selling agricultural products. When the platform was first established, it was discovered that the platform's "team purchase" model - where a consumer can buy a product at a discount if he or she invites another consumer or friend to buy it together - can aggregate massive demand in a short amount of time quickly digesting large quantities of seasonal agricultural products. As the "team purchase" model was improved upon, more information related to the supply and demand for each product was integrated. This allowed the service to improve drastically and quickly and more accurately match consumer demands with the vast regional, seasonal and time sensitive agricultural product supplies effectively. This model has made it possible for China's agriculture industry to break through the constraints of small-scale operations and decentralization to embark on a new path.

China is a big agricultural country, with 7 trillion yuan's worth of agricultural output that has low online penetration rates. A large number of poor people are concentrated in the remote rural areas of China and arable land is scattered. Farmers lack real-time visibility into consumer demand and preferences. In addition, another factor that worsens rural poverty is the complex and long agricultural industrial chain for these products to get from farms to consumers coupled with a lack of young talent, resulting in the hollowing out of these rural areas.

At present, a large majority of China's agricultural products are still predominantly distributed offline. Many agricultural products, including fruits and fresh produce, have to go through 6-8 distribution layers before they make it from the farm to the hands of the consumer. Each additional layer not only increases costs but also increases wastage. To a certain extent, consumers end up paying more for these products and farmers with already low-income levels capture very little of the economic benefits from this value chain, in addition to facing uncertain supply and demand outlooks.

Therefore, to sustainably reduce rural area poverty, there is a need to innovate and find models that can resolve the issues that farmers face and create a model that enables these farmers to capture a larger share of economic benefits from transactions. To address this problem, for the past four years, Pinduoduo has been dedicated to improving and upgrading traditional agricultural industry supply chain dynamics. This includes placing farmers as the key focal point, to enable direct online sales from farm to consumer.

During the past few years, Pinduoduo went deep into China's major agricultural production regions and rebuilt how agricultural products are sold online through the 'ground network' and 'skynet' systems. The 'Ground Network System' improves connectivity between farmers and local resources online. The 'SkyNet' system creates better information asymmetries of supply and demand situations for all types of agricultural products, their production cycle, logistics, and resources to better match consumer demand. Pinduoduo's algorithm can efficiently make matches in a precise and scalable fashion.

It is clear that e-commerce platforms can play an important role in driving poverty alleviation in rural areas, in resolving complex and lengthy agricultural industrial chains, changing small-scale and decentralized supply networks and inefficient supply and demand alignment issues.

Pinduoduo, as a new e-commerce player, innovated the 'team purchase' model. This model is particularly suitable to tackle the issues inherent in China's agriculture industry. Through the 'team purchase' model, Pinduoduo can transform long-cycled scattered demand into concentrated short-cycled demand, which can quickly digest large quantities of seasonal agricultural products in a short period of time.

For the past four years, Pinduoduo has continued its commitment to promoting the transformation and upgrading of agricultural production efficiencies, utilizing AI to develop a 'Central Processing System for Agricultural Products' to better match farmer supply and consumer demands.

Through the 'Direct Connect Model,' farmers today can directly upload their products online and directly access Pinduoduo's buyer-base of millions.

As a result, Pinduoduo has simplified the traditional agricultural industry distribution chain into just one to two layers of distribution and optimized supply and demand matching for farmers. These efficiencies have resulted in cost savings and as a result, more of these economic benefits can be passed onto impoverished farmers and lower prices can be passed onto consumers.

At Pinduoduo, it became apparent early on that the value of this model goes far beyond the platform itself. To this end, the company has vigorously used technology to continue to improve the model. Furthermore, local talent is an important element in creating sustainability in rural areas. In cooperation with China Agricultural University, Pinduoduo at the end of 2017 began to promote the 'return home' entrepreneurship opportunities to young educated talent located in higher tier cities through the 'Duo Duo University' and 'New Generation Farmer Return Home System.' Over the past several years, Pinduoduo has motivated over 62,000 new generation farmers to come join the platform and they have covered all major agricultural product lines in China. These new generation farmers can bring new forms of business, a new mechanism to help farmers become rural area businessmen and modernize their enterprises and help bridge the gap to get agricultural products online efficiently. This new generation of farmers has set up distribution centers for sorting, packaging, and logistics in every corner of China. It is only once talent can be localized that a sustainable agricultural industry, one that benefits farmers, can be created.

Through this model, Pinduoduo has fast tracked farmers to access millions of consumers in a precise way. For example, Turpan's or Tulufan's cantaloupe can be directly delivered to the consumer from the farm within 48 hours and the cantaloupe's price is cheaper than what the wholesale market has to offer. Another example is Henan's Zhongli garlic, which now can be packaged and sold to Beijing consumers at a price that is only a quarter of the Beijing supermarket price. Through this model, Pinduoduo has succeeded in connecting poverty-stricken farmers directly with consumers in office buildings and communities across the country. These are a few successful examples of a sustainable poverty alleviation mechanism.

In April of 2019, under the guidance of relevant Chinese government departments, Pinduoduo launched the 'Duo Duo Farm' project to further explore how to promote and sustain 'precision poverty alleviation' and 'rural area revitalization.' Three 'Duo Duo Farm' projects have already been launched in poverty-stricken areas like Yunnan's Nujiang area and Xinjiang's Nanjiang area with a focus on working with households that are registered in poverty-stricken regions. Pinduoduo has, with cooperated local governments and industry chain participants, created new generation farmers to lead agricultural entrepreneurship, leveraged third party research institutions' expertise under the government's supervision, and created a sustainable platform that can support the long-term

development of new generation farmer entrepreneurship. These projects have made major breakthroughs for the industry and attracted much attention to this important topic. This is an innovative model and in 2019, more 'Duo Duo Farm' projects will be rolled out. Over the next five years, Pinduoduo aims to have over 1,000 such projects, covering all major agricultural product lines in China.Box

Innovative technologies and products, once fully integrated with agriculture, can generate enormous social value. Last May, a game called 'DuoDuo Orchard' was launched on the Pinduoduo app. In this game, users plant and grow virtual fruit trees by earning water droplets through completing social and interactive tasks. Once the virtual fruit tree matures and bears fruit, DuoDuo Orchard will gift these users the real fruits for free. Most of these fruits come from poverty-stricken areas in China, especially from the key target areas for poverty alleviation like Sichuan Da Liang Shan and Xinjiang Nan Jiang. Today, DuoDuo Orchards has more than 11 million active daily users and delivers more than 1.2 million kilograms of fruit per day.

Through innovative poverty alleviation models like DuoDuo Orchard, users can harvest happiness but importantly also become active in important poverty alleviation efforts. The maturity of each virtual fruit tree our users plant, directly translates to these poverty-stricken farmers increasing their incomes.

The large majority of our agricultural products on our platform today are directly distributed from the farm fields directly to consumers. As a result, farmers can increase their income while consumers can buy fresher and more affordable agricultural products. In 2018, Pinduoduo transacted about 65.3 billion yuan of agricultural and agricultural related sideline products. This grew 233% year-on-year and the platform has become one of China's largest online agricultural product platforms. Pinduoduo helped over 140,000 merchants registered in poverty-stricken counties transact more than 16.2-billion-yuan worth of agricultural and agriculture-related products in 2018.

DISCUSSIONS

Questions

Durbek Akhmedov, Vice Rector, Tashkent State Economic University: In developing cross-border e-commerce, what role do you see of the SCO? How do you see the extension of Pinduoduo model to the CAREC region?

Umar Nadeem, Research Fellow, Tabadlab, Pakistan: My question is from the second speaker, Mr. Victor Tseng, it would be interesting to know what is the spillover effect on the farmers that were not the part of the Pinduoduo model and what are the key factors of delivery infrastructure for other countries?

Dr. Tuvshintugs Batdelger, Director, Economic Research Institute, Mongolia: This question is also for the second speaker, how does your model work to guarantee the product to the customer and how did you initially involve the farmers when you started Pinduoduo? Can you please explain your business model as well?



Discussion during this session.

Answers

Tengfei Wang: SCO is working in the transport sector and the U.N. has been lending its support. Similarly, in e-commerce, the U.N. is also assisting the SCO and recently also the ADB. The task of the U.N. is to deal with economic and development issues, but it is fundamentally a political organization. The UN has to deal with sensitive issues when dealing with economies like Hong Kong and Taiwan. Certainly, we are working with the WTO and we will continue to do so.

Victor Tseng: We wish to extend the Pinduoduo model regionally as well. The basic infrastructure of internet in China has been the ingredient for this fast e-commerce experience. Therefore, the Central Asian region should collectively focus more on the data transparency and improved internet

infrastructure in order to enable farmers to fully utilize this experience and hence revolutionize distribution chains. In the early days e-commerce companies had to invest heavily in delivery systems but now the focus has changed. The CA region must focus on the upstream and on user experience, demands, etc.

Regarding the question on the initial workings of Pinduoduo, mobile penetration was really high. Our first step was the development of a mobile application. Pinduoduo is pushing users to buy products in real-time based on their past purchasing history. It has introduced the team purchase model and discounts, motivating friends to buy together. Moreover, Pinduoduo applied AI to understand users shopping behavior. This analysis helped bridge the gap between farmer and customer. Pinduoduo has been enhancing the supply chain by taking universities, delivery companies, and local government on board. In addition, classes are and were held by Pinduoduo to educate farmers and raise awareness. The approach, however, must focus on creating talent that sustains the model.

Lastly, the answer to how Pinduoduo guarantees the product is that we have a mechanism through which the performance of merchants can be judged. Merchants can setup online stores while we do not carry inventories; the volume they have sold in the past and the user reviews on their performance enable quality judgement. The users use quality scores to decide which merchant they would choose. The merchant with better scores gets to attract more user traffic, whereas those with bad scores are naturally weeded out.

SESSION VII

CAREC THINK TANKS NETWORK (CTTN)

Moderator - Ziqian Liang, Deputy Director, CAREC Institute

Overview of CTTN Advisory Panel Meeting

Speaker: Davaadorj Ganbold, Former FIRST Deputy Prime Minister of Mongolia

In the meeting, the advisory panel discussed important topics: how to strengthen the program; research grants; launching a talk series; and a fellowship program. There is the need to carry out a needs-assessment research survey and to share and link common research agendas. Furthermore, data should be published and shared online to promote research and study outcomes.



Mr. Davaadorj Ganbold, Former First Deputy Prime Minister of Mongolia

Greater support is required for the engagement of think tanks and high-level economic forums to increase CTTDN's visibility. Joint regional studies should be encouraged, and members of the advisory panel also discussed the importance of strengthening partnership within countries. The CTTDF has experienced good progress in terms of content and at future forums exhibitions may be held by member think tanks with the sole purpose of presenting research. In the future, donors who support think tanks may also be invited to conferences. As always, outcomes and recommendations should be pragmatic, relevant and useful in enhancing the lives of individuals in CAREC member states. Finally, the visiting fellow program is an initiative that the advisory panel is highly optimistic about.

Strategizing CTTN and the Forum - CTTN Progress and Roadmap

Speaker: Khalid Umar, Head of Strategic Planning Division/Coordinator Think Tanks Forum

It is our responsibility to keep you updated and lay out the roadmap for the network going forward next year. An update will be provided on the announcements made at Bishkek and new initiatives are also being announced today. We want to hear your thoughts, recommendations, and views on how to make this a robust network.

CTTN Membership Form - Membership forms were designed but the response has not been encouraging. The membership form would help in formalizing registration and would allow CI to provide profiles of member think tanks and information on research. We encourage you to fill the form and send it to us upon your return.

CTTN Website and Blog - We have not been able to make a separate website/blog for CTTN, but we are moving in that direction. The process of revamping the website and developing a special blog for CTTN, which would allow for effective communication and exchange of ideas, is underway. The website contains information on CTTN, presentations, and reports from previous forums. We need your support to provide profiles, and members' research. It would be helpful if you could share links to your research or send it our way for us to upload so that it can be easily accessed.

CTTN Research Grants Program

- Announced in January 2019
- Received 9 proposals
- Awarded five grants worth 10,000 dollars each
- Three individual and two joint proposals were awarded this grant
- First drafts were presented yesterday
- Final papers will be ready by the end of October.



Mr. Khalid Umar, CAREC Institute

Roadmap

Coming to the CTTN 2020 grants program, it has been noted that the time provided to researchers was not sufficient. This time around grants will be announced in late November or early December to fix this problem. Since the initial grants were part of a pilot program the selection criteria were a little relaxed; the goal is to encourage cross-border collaboration and networking/communication between think tanks. In 2020, we would like to encourage think tanks from two different countries to come together and present proposals for a joint research effort.

Visiting Fellows Program - The visiting fellow program has already been advertised on the website. As a pilot program, in each quarter, we would like to have two researchers to work CI for a period of three months. We welcome your proposals and applications.

Members' visibility is linked to the previous point on an allocation of space for research coming from member countries. We would like to make it more effective and robust, the purpose is to make all these think tanks known in the region, so share research links with CI.

The 5th forum: Venue and Partner - Please propose if you would like to become a partner and host the next forum.

Think Tanks Talk Series - Every three months one think tank will be invited to visit the headquarters in Urumqi and present the research they have conducted. This will become part of a think tanks talk series.

Recommendations from the Participants

Nazarov Khakimovich and Durbek Akhmedov, Uzbekistan: As the partner institution, we propose to host the next year forum in Tashkent, Uzbekistan. The options for the exact venue and dates can be discussed later.



Mr. Durbek Akhmedov (left) and Mr. Nazarov Khakimovich (right), Uzbekistan

George Katsitadze, Director, Institute of Asia and Africa, Free University of Tbilisi: I personally believe that it would have been useful to have breakout sessions of small groups to come back with small proposals. This would be useful to do in a quick open forum so whoever has responses can contribute in a more efficient manner.

Mr. Hamidullah Farooqi, Chancellor, Kabul University: My suggestion is to also invite a member of parliament (MP) from each country to the forum. It is important for the elected officials to know about the information that is being shared here, only then can there be an impact on legislation. For instance, several other think tanks invite elected officials and a deep effect has been witnessed on the way they draft their legislation.

Additionally, I would also like to offer to host next year's forum and Kabul University would be happy to welcome the next gathering in Afghanistan.

Dr. Anwar Shah, Associate Professor, School of Economics (SOE), Quaid-e-Azam University, Islamabad: Partner countries should inform each other about academic conferences so that this can become a way of integration in itself. One way of sharing information could be through a portal on

the website that is for academia where academics can upload useful material and share among all the academics in the region.



Ms. Enkhbaigali Bayambasuren, ISS, Mongolia

Dr. Enkhbaigali Byambasuren, Director, Institute for Strategic Studies, National Security Council of Mongolia: I would like to propose for the next thinks tank forum to be held in Mongolia. We assure to support it at the highest level. I would also like to suggest the topic for the next year's forum; whether all Central Asian countries can have a common brand of tourism in the world.

Samina Khalil, Director, Applied Economic Research Center, University of Karachi: The University of Karachi organized a conference last year, based on the same theme as that of last year's CTTD forum held in Bishkek, Kyrgyzstan. A report on the proceedings will be submitted soon. My recommendation to other institutions and think tanks is that they organize similar conferences in their home nations, using the forum's themes, for dissemination of knowledge among young PhDs and scholars.

Several trainings are conducted annually, and we have a pool of resource persons who we can offer for CAREC's future reference.

Shakhboz Akhmedov, Manager, Knowledge Projects and Resource Management Unit, Innovations and Scientific Research Cluster: I would suggest inviting the business sector, when we discuss areas like tourism or e-commerce. Tourism companies can provide useful insights and their inputs on those topics and those inputs can become research topics for think tanks.

I also believe that it is too early to involve parliamentarians or political actors because it could hinder certain ideas to come out in the forum. However, we can invite participants who can make the discussions tangible.

Dr. Abid Suleri, Executive Director, SDPI, Pakistan: I would like to propose Islamabad as the venue for the next CTTDF. Sustainable Development Policy Institute (SDPI) is more than happy to be the partner for the next forum and offer Islamabad as a venue. Perhaps we can extend our support to form an organizing committee that can help design and construct content for the forum.

Furthermore, I am also willing to extend my support to help publish CAREC research output in journals and assess the proposals for the CTTN grants program, as we need to ensure that the results can be effective for the region.

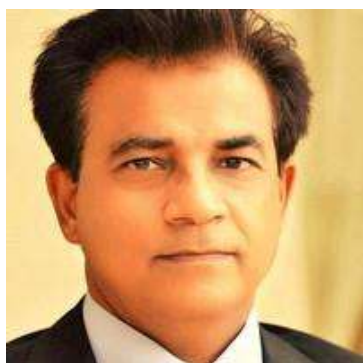


Mr. Abid Suleri, SDPI, Pakistan

Dr. Gubad Ibadoghlu, Senior Analyst Economic Research Center (ERC), Azerbaijan: We should invite the representatives of donor organizations to make presentations about their funding and programs for the think tanks, as well as international organizations (i.e. World Bank, UNDP) that could increase access to international donors.

BIOGRAPHIES OF RESOURCE PERSONS

Dr. Saeed Qadir



Dr. Saeed Qadir is a Research Associate at the China, Law and Development Project, China Center, University of Oxford⁸ and a former senior research officer at CAREC Institute. Dr. Qadir managed the research portfolio at CI and spearheaded flagship research on the CAREC Regional Integration Index. Dr. Qadir is a Fulbright Scholar. He holds a Doctorate in Economics and Public Policy from Claremont Graduate University, Los Angeles, USA and a Master's in International Law and Economics from the World Trade Institute, University of Berne, Switzerland. His research interests include International Trade, Sustainable Development, Globalization, and Economic Policy Analysis. Previously, he also taught as an adjunct faculty member at leading universities in Pakistan, Dubai, the United Arab Emirates (UAE) and the PRC.

He is a career civil servant in the Pakistani Civil Services and has been working for the Ministry of Commerce since 1999. Prior to this assignment, he worked as a Commercial Counsellor in the Pakistani Consulate in the UAE from March 2013 to July 2016.



Teresita Cruz Del Rosario

Teresita Cruz del Rosario is a Senior Research Associate at the Asia Research Institute at the National University of Singapore. She is a research consultant to assist in strengthening the research capacity of the Central Asia Regional Cooperation (CAREC) Institute in Urumqi, Xinjiang Autonomous Region in China. Formerly, she was a Senior Research Fellow at the Centre for Asia and Globalization and visiting Associate Professor at the Lee Kuan Yew School of Public Policy and also at the National University of Singapore. She was also former Visiting Associate Professor and Acting Dean of Executive Education at the Asian Institute of Technology in Bangkok, Thailand, and former Associate Professor and Assistant Dean at the Asian Institute of Management in Manila, Philippines.

Dr. Rosario has authored four books and several articles in top-tiered journals. Recently, she was Guest Editor for the Journal of Contemporary Asia, a tier-one journal, and is currently preparing a Handbook on Civilizationalism for publication in 2022.

⁸ <https://cld.web.ox.ac.uk/people/saeed-qadir>



Feng Zongxian

Since 2000, Dr. Feng has taught and served as an MBA tutor in the Department of International Trade at the School of Economics and Finance at Xi'an Jiaotong University. He is also Professor of Management Science and Engineering at the School of Management in Xi'an Jiaotong University, Postdoctoral Fellow at the Albert University Business School in Canada, Senior Visiting Scholar and Visiting Professor at Stanford University, Washington University and other universities in North America. Dr. Feng also tutors Ph.D. students and has led and participated in a number of provincial and municipal projects.

Dr. Feng has published numerous journal articles, research papers, books, and articles. He is the author of more than ten monographs and textbooks. Furthermore, he also has patents to his name and has been the lead on a variety of scientific research projects, which has meant that he has presided over and participated in more than twenty projects funded by the International Natural Science Fund and the National Social Fund. His journal articles, which number over one hundred, have been published in several international top-tier economics and management journals. Major themes that his work centers around include: international business; scientific management; economic forecasting and international trade.



Dong Qianli

Dr. Dong Qianli is a Professor of Logistics, Doctoral supervisor and the Director of the Institute of Logistics at Chang'an University in Xi'an, Shaanxi, China. His main areas of research are logistics and supply chain management, industrial linkage and upgrading, and enterprise management. Currently, he is also the Director at the China Logistics Association, the Deputy Director of Shaanxi Logistics Association's special committee and the Director of Shaanxi Emergency Management Association. Dr. Dong is responsible for the construction of provincial advanced logistical excellence courses and provincial advanced logistics resource sharing courses.

He has published more than 190 academic papers, in China Soft Science and other journals, out of which more than 40 are indexed by SCI, SSCI, EI, ISTP and CSSCI and have been reproduced by Renmin University of China. Dr. Dong has authored 26 books and textbooks, some of which include '*Integrated Field Theory: The Linkage Mode and Mechanism of the Two Industries*,' '*Logistics Integrated Field: Theory and Practice of International Land Ports*,' and '*Advanced Logistics*.'

Dr. Dong has been awarded 11 provincial and ministerial awards for scientific and technological progress. He has one provincial excellence for teaching material award, five prizes from the Chinese Library of Natural History and 13 prizes for other teaching achievements. More than 30 of Dr. Dong's papers have been given awards.



Kawai Masahiro

Dr. Kawai Masahiro is the Director-General at the Economic Research Institute for Northeast Asia (ERINA) and Professor Emeritus at Graduate School of Public Policy, University of Tokyo. Dr. Kawai Masahiro holds a Ph.D. in Economics from Stanford University. Dr. Kawai began his professional career as a Research Fellow at the Brookings Institution. He then taught Economics as an Associate Professor in the Department of Political Economy at Johns Hopkins University and subsequently as a Professor at the Institute of Social Science part of the University of Tokyo. In addition, Dr. Kawai is also a Councilor of the Bank of Japan, a Senior Fellow of the Policy Research Institute of Japan's Ministry of Finance, a Distinguished Research Fellow of the Japan Forum on International Relations, and Vice President of the Council on East Asia Community.

He has also served as: Chief Economist for the World Bank's East Asia and the Pacific Region; Deputy Vice Minister of Finance for International Affairs of Japan's Ministry of Finance; President of the Policy Research Institute of Japan's Finance Ministry; Special Advisor to the ADB President in charge of regional economic cooperation and integration; and Dean and C.E.O. of the ADB Institute (ADBI). Dr. Kawai assumed his current positions at the University of Tokyo in April 2014 and at the ERINA in April 2016.

Dr. Kawai's recent publications focus on Asian economic integration. He has published a number of books and more than 160 academic articles on open-economy macroeconomic issues, regional economic integration and cooperation, and the international economic system.



Ms. Ye Jiandi

Ms. Jiandi is the Deputy Director General of the International Economics and Finance Institute (IEFI) in Beijing, China. Under her leadership, the IEFI conducts economic research and provides policy recommendations to the decision-makers and key actors of the Ministry of Finance and other government agencies in China.

Prior to her role at IEFI, Ms. Jiandi held various positions in the International Financial Cooperation Department (IFCD) of the Chinese Ministry of Finance. During her time at the IFCD, Ms. Jiandi worked with several multilateral development banks that among others included the World Bank, AIIB and the New Development Bank (NDB). She has also served as the Alternate Executive Director for China in the World Bank Group from 2014 to 2016. She also has extensive experience in both bilateral and multilateral economic and financial cooperation. Ms. Jiandi holds a Master's Degree in Economics from Peking University.



Dorothea C. Lazaro

Ms. Lazaro is responsible for coordinating and overseeing trade-related work, particularly the implementation of the newly integrated trade agenda under the Central Asia Regional Economic Cooperation (CAREC) program. Her key areas of work include trade policy, FTAs, customs, sanitary and phytosanitary measures, e-commerce, and cross-border economic zones.

Prior to joining the ADB, she was Economic Affairs Officer at the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) East and North-East Asia Sub-regional Office (based in Incheon, Republic of Korea). She contributed to research and capacity-building initiatives on development, cooperation and regional integration in the East Asia region. Prior to that assignment, she led a team that pioneered a multi-year, multi-sectoral economic cooperation program of upto AUD \$30 million for the ASEAN-Australia-New Zealand FTA at the ASEAN Secretariat in Jakarta, Indonesia.

She has held consultancy assignments including with the then ADB's Office of Regional Economic Integration, the Philippine Institute for Development Studies, Foreign Service Institute, and the European Union's Trade Related Technical Assistance Program for the Philippines. She has published works on FTAs, rules of origin, trade facilitation and other trade-related areas.

She obtained her Juris Doctor degree from the Ateneo de Manila University in 2005 and was admitted to the Integrated Bar of the Philippines in 2006.

Bahodir Ganiev



Dr. Bahodir Ganiev is Senior Advisor at the Center for Economic Development (CED), a think tank based in Tashkent, Uzbekistan. He assists CED staff in conducting applied research and formulating policy recommendations aimed at strengthening macroeconomic management and improving the business environment in Uzbekistan. Mr. Ganiev often carries out consulting assignments for the ADB and other development institutions. Previously, he taught international economics at Westminster International University in Tashkent and was a staff member of the ADB. He has also worked as a staff member and consultant for the IMF and World Bank.

Dr. Ganiev has extensive experience in designing, implementing and evaluating development projects and programs. His work experience covers about twenty Asian and Eastern European countries. His research interests include trade policy and trade facilitation, regional economic cooperation and integration, international remittances and inclusive economic growth. He has authored and contributed to many publications on economic policy and development issues in Central Asia, the Southern Caucasus, and Southeast Asia.

Dr. Ganiev holds a Master's degree in International Affairs from Columbia University and a Ph.D. degree in Economics from the Tashkent State University of Economics.



Ian Watt

Mr. Ian Watt is the UN/CEFACT Bureau Vice Chair, leading the International Supply Chain Programme development. He has vast experience, over 25 years, of applying information technology within large corporations. This was followed by 25 years pursuing international standards based cross border trade facilitation suited to macro and micro medium sized enterprises.

In 2019, Mr. Watts has been the lead person on the Blockchain standards 'gap analysis' white paper project initiated and funded by UN/CEFACT. From 2016-2019 he contributed to the UN/CEFACT Supply Chain and Multi Modal Transport Reference Data Models. He was also one of the five founding members of the United Nations Network of Experts in Trade Facilitation (UN/NExT); as nominated by the United Nations Economic Commission for Asia and the Pacific (UNESCAP).

Previously, he has headed the Australian delegation at the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and also at the United Nations Economic Commission for Europe (UNECE). Furthermore, he has also headed the Australian delegation at the Asia Pacific Council for Trade Facilitation and Electronic Business. Mr. Watt has also been a chairperson at several projects, which include: the UN/CEFACT business process analysis working group, developing the International Supply Chain Reference Model; the UN/CEFACT Global Modellers Reference Initiative; the Australia & Taiwan ICT Cluster, Track & Trace; the IT-033 e-Business Architecture and Data Exchange for Standards Australia; the IT-034 Automatic Identification and Data Capture Techniques for Standards Australia and the Radio Frequency Identification Association of Australia. From 2005 to 2008 Mr. Watt was also a member of the Communications IT and e-Commerce Standards Sector Board, which is a part of Standards Australia.



Hong Xue

Dr. Hong Xue is currently a Professor of Law at Beijing Normal University. She is also the Director of the Institute for Internet Policy & Law (IIPL) and Co-Director of the UNCITRAL-BNU Joint Certificate Program on International E-Commerce Law (JCP).

Dr. Xue is among the top ten nationally distinguished young jurists, elected by the China Law Society. She is the Chief Expert on the drafting committee of e-commerce law, appointed by the Chinese National People's Congress and also one of the national experts on e-commerce appointed by the Chinese Ministry of Commerce. She is on the advisory committee of the United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNEXt) and a member of the expert council of APEC E-Commerce Business Alliance. She is the Deputy Director of Internet Governance, as part of the International Cooperation of China Association of Cyber-Space Security. Professor. Xue is also a member of the Executive Council of China Cyber and Information Law Society, which is a part of China Law Society and she is also Vice President of the Beijing E-Commerce Academy.

Furthermore, Dr. Xue is an arbitrator at the China International Economic and Trade Arbitration Commission (CIETAC), as well as a Uniform Domain Name Dispute Resolution Policy (UDRP) neutral at the World Intellectual Property Organization (WIPO) and Asia Domain Names Dispute Resolution Center (ADNDRC). She is the Chair of Council of Chinese Domain Name Users Alliance (CDNUA), the Faculty Chair at Asia Pacific Internet Leadership Project (APILP) Beijing and on the expert advisory board of Diplo Foundation. She is on the editorial board of the Journal of World Intellectual Property (JWIP) and China Legal Science, and on the advisory panel of the Indian Journal of Intellectual Property Law.

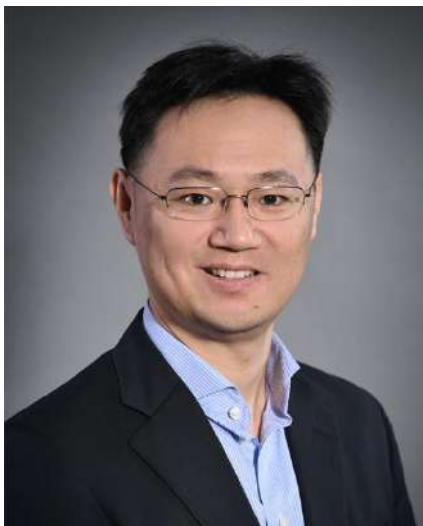
Dr. Xue has carried out research on a variety of topics including international trade law, information technology law, e-commerce law, intellectual property law and Internet governance and has published several books and journal articles in Chinese and English. Her most recent book, published in 2019, is '*International E-Commerce Law*.'



Wang Tenfei

Dr. Wang Tenfei has been an Economic Affairs Officer at the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) since 2008. His work has been focused on promoting the development of trade and transport facilities, logistics, regional integration, technology, innovation, and sustainable development in Asia and the Pacific. He has extensive experience in working with countries in Asia and the Pacific through implementing projects, providing technical advice, capacity building, and supporting inter-governmental meetings and negotiations.

He is the author of nearly 100 publications including official U.N. publications, study reports, policy briefs, and academic research papers. His publications have been cited over 2,700 times according to Google Scholar. Prior to joining the UNESCAP he worked in the United Kingdom, first as a research fellow at Newcastle University and subsequently as a senior lecturer (Associate Professor) at the University of Plymouth. He earned his Ph.D. from Hong Kong Polytechnic University.



Victor Tseng

Since February of this year, Mr. Victor Tseng has been the Vice President of Corporate Development with Pinduoduo. Previously, he was Vice President of Corporate Affairs at Ctrip. He has accumulated over 12 years of experience in the Chinese Internet sector, with various roles that have seen him appointed as Chief Financial Officer and Head of Investor Relations for several private and public Internet companies, including Baidu. Mr. Tseng was also the lead China Internet Analyst for Deutsche Bank in the early part of his career.

He has obtained a Master's in Business Administration from Tsinghua University and his undergraduate degree from the University of California, Los Angeles (UCLA).

FORUM AGENDA

The 4th CAREC Think Tanks Development Forum (CTTDF)

Trading for Shared Prosperity

27-28 August 2019 | Shangri-La Hotel, Xian, Shaanxi, People's Republic of China (PRC)

August 26 07:30 – 09:00	Participants Check-in Welcome Dinner, Changan Room, 2 nd Floor, hosted by CI
Day One: August 27 Xian Room, Shangri-La Hotel	
08:30 – 09:00	Registration
Session I: Opening Ceremony	
09:00 – 09:10	Welcome Remarks by Syed Shakeel Shah , Director, CAREC Institute
09:10 – 09:20	Opening Remarks by Shixin Chen , Vice President, Asian Development Bank (ADB), Manila, Philippines
09:20 – 09:30	Speech by Liu Weihua , Deputy Director General, Ministry of Finance, PRC
09:30 – 09:45	Keynote address by Xu Datong , Deputy Governor of Shaanxi Province
09:45 – 10:20	Group Photo and Coffee Break
Session II: Showcasing CAREC Institute's Output	
Moderator Dr. Abid Qaiyum Suleri Executive Director Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan	CAREC Regional Integration Index Speaker I: Dr. Saeed Qadir , Research Associate, China, Law and Development Project, China Center, University of Oxford, UK Speaker II: Tess Cruz del Rosario , Senior Research Associate, Asia Research Institute, National University of Singapore Assessing participation of CAREC countries in Global and Regional Value Chains Speaker: Yaroslava Babych , Head of Macroeconomic Policy Research Center, ISET Policy Institute, Assistant Professor of Economics, ISET - International School of Economics, Tbilisi State University, Georgia The Impact of sanitary, phytosanitary, and quality-related standards on the trade flow between CAREC countries and Georgia Speaker: Dr. Phatima Mamardashvili , Assistant Professor, Head of the Agricultural Policy Research Center, International School of Economics, Tbilisi State University, Georgia Opportunities and challenges for Agri-food trade between Kyrgyzstan and Pakistan Speaker: Dr. Zehra Waheed , Director, Centre for Business and Society
10:20 – 12:30	

	<p>Assistant Professor, Suleman Dawood School of Business (SDSB), Lahore University of Management Sciences (LUMS), Pakistan</p> <p>Analysis of cooperation in tourism sector between Uzbekistan and Kyrgyzstan; a study of cross-border Value Chains Speaker: Rosa Alieva, Lecturer, Module Leader for Tourism and its Dynamics, Westminster International University in Tashkent, Uzbekistan</p> <p>Discussion/Q&A</p>
Session III: Trade on Ancient Silk Road: A Perspective from Xian	
<p>Moderator</p> <p>Hao Zhang Deputy Country Director ADB Resident Mission, Beijing, PRC</p> <p>12:30 – 01:20</p>	<p>Exploring Trade Opportunities under BRI Speaker: Professor Zongxian Feng, Xian Jiaotong University</p> <p>Standardizing Transport and Logistics along the Silk Road Speaker: Professor Dong Qianli, Director, The Institute of Logistics and Supply Chain/ Executive Director of China Logistics Association, Shaanxi, PRC</p> <p>Discussion/Q&A</p>
01:20 – 02:20	Lunch, Yi Café, 1st Floor
Session IV: Trading for Shared Prosperity: Challenges and Prospects	
<p>Moderator</p> <p>Safdar Parvez Director Asian Development Bank (ADB) Manila, Philippines</p> <p>02:20 – 03:40</p>	<p>US-China Trade War – birth of neo-mercantilism Speaker: Masahiro KAWAI, Director-General, Economic Research Institute for Northeast Asia (ERINA)/Professor Emeritus, Graduate School of Public Policy, University of Tokyo, Japan</p> <p>Impact on Region: Building a Counterfactual Speaker: Ye Jiandi, Deputy Director General, International Economics and Finance Institute (IEFI), Beijing, PRC</p> <p>Discussion/ Q&A</p>
03:40 – 04:00	Coffee Break
<p>Moderator</p> <p>Syed Shakeel Shah Director, CAREC Institute</p> <p>04:00 – 05:30</p>	<p>CAREC Integrated Trade Agenda (CITA) 2030: Key Pillars and Strategic Action Plan Speaker I: Dorothea Lazaro, Regional Cooperation Specialist, Asian Development Bank (ADB), Manila, Philippines</p> <p>Speaker II: Bahodir Ganiev, Senior Advisor, Center for Economic Development, Tashkent, Uzbekistan</p> <p>Discussion/Q&A</p>
06:30 – 07:30	Banquet, Grand Ballroom, 2nd Floor, hosted by CI

Day Two: August 28 Xian Room, 2 nd Floor	
08:30 – 08:45	Registration
Session V: New Technologies: Policy Implications for the CAREC Region	
<p>Moderator</p> <p>Dr. Siddharth Saxena Chairman, Central Asia Forum, Cambridge University, UK</p> <p>08:45 – 10:15</p>	<p>Evaluating impact of new technologies on transforming trade Speaker: Ian Watt, Vice Chair, the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT), United Nations Economic Commission for Europe (UNECE)</p> <p>Policy Implications for CAREC Region in terms of taxation, licensing and regulations Speaker: Dr. Hong Xue, Director of Beijing Normal University Institute for Internet Policy & Law (IIPL), Co-Director of UNCITRAL-BNU Joint Certificate Program on International E-Commerce Law, Beijing, PRC</p> <p>Discussion/Q&A</p>
10:15 – 10:30	Coffee Break
Session VI: Embracing E-commerce	
<p>Moderator</p> <p>Altaaf Hasham Management Program Liaison Officer Aga Khan Development Network (AKDN), Bishkek, Kyrgyz Republic</p> <p>10:30 – 12:00</p>	<p>Readiness of CAREC Region for embracing E-commerce Speaker: Tengfei WANG, Economic Affairs Officer, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok, Thailand</p> <p>E-commerce: Key takeaways from China's experience Speaker: Victor Tseng, Vice President of Corporate and Investor Relations, Pin Duoduo, Shanghai, PRC</p> <p>Discussion/Q&A</p>
Session VII: CAREC Think Tanks Network (CTTN)	
<p>Moderator</p> <p>Ziqian Liang Deputy Director, CAREC Institute</p> <p>12:00 – 01:00</p>	<p>Overview of CTTN Advisory Panel Meeting Speaker: Mr. Davaadorj Ganbold, Former Deputy Prime Minister of Mongolia/Chair of CTTN Advisory Panel</p> <p>Strategizing CTTN and the Forum - Progress and Roadmap Presenter: Khalid Umar, CAREC Institute</p>
	Closing Remarks by Syed Shakeel Shah , Director, CAREC Institute
01:00 – 02:00	Lunch, Yi Café, 1 st Floor
02:00 – 05:00	Networking & Visit to Terracotta Army Museum

LIST OF PARTICIPANTS

I. CAREC COUNTRIES

A. Afghanistan (2)

1. Mr. Abdul Basir Azimi, Research Fellow, Afghanistan Institute for Strategic Studies
2. Mr. Hamidullah Farooqi, Chancellor, Kabul University

B. Azerbaijan (5)

3. Dr. Gubad Ibadoghlu, Senior Analyst Economic Research Center (ERC)
4. Mr. Ahmad Alili, Senior Researcher, School of Public Policy, Center for Economic and Social Development (CESD)
5. Mr. Samir Aliyev, Board Member/Head of Department, Center for Support For Economic Initiatives
6. Dr. Shahriyar Mukhtarov, Head of Department of Economics Baku Engineering University, School of Economics and Management, Khazar University
7. Ms. Aynura Ismayilova, Deputy Director, Scientific Research Institute of Economic Reforms, Ministry of Economy

C. People's Republic of China (34)

8. Dr. Shi Ze, Vice President, China Institute of International Studies (CIIS)
9. Mr. Yongzhi Wu, Director, Xi'an Institute of Contemporary International Studies
10. Dr. Yidan Li, Research Fellow, Beijing Normal University
11. Ms. Lihong Chen, Deputy Director, International Economics and Finance Institute
12. Ms. Minghui Li, Research Officer, International Economics and Finance Institute
13. Ms. Xuan Yuan, Research Officer, International Economics and Finance Institute
14. Ms. Hairuo Que, Officer, Division of American Studies, International Economics and Finance Institute
15. Mr. Junzhe Wang, President, Xian International Studies University
16. Mr. Liu Weihua, Deputy Director General, Ministry of Finance
17. Mr. Zichong Ao, Officer, Ministry of Finance
18. Mr. Bai Zongqin, Deputy Director General, Xinjiang Finance Department
19. Mr. Wei Yipeng, Deputy Director, Xinjiang Finance Department
20. Mr. Li Kouqing, President, Shanghai National Accounting Institute
21. Dr. George Liu, Advisor, Shanghai National Accounting Institute
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